



Daily Report

East Asia

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Suharto Opens NAM Meeting on Debt, Development

BK1308093394 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 13 Aug 94

[Text] President Suharto, as chairman of the Nonaligned Movement [NAM], says developing nations can learn from one another's past experiences and profit from nations that have succeeded in overcoming their debt crises and are capable of managing their debts well. In this regard, Indonesia as a nation that once experienced the bitterness of being a debtor wants to share its experiences with fellow developing nations to seek a comprehensive solution to their debt problems. Opening the NAM Ministerial Meeting on Debts and Development at the State Palace in Jakarta this morning, President Suharto added that Indonesia has no intention of taking over the responsibility of seeking a solution to the debts of developing nations. The meeting has been convened to seek a basic and comprehensive solution to the problems of debts and development.

The head of state reiterated that the world economy continues to be beset by new and covert forms of protectionism such as low commodity prices, a decline in the flow of funds, a lack of access to technology, and the repayment of debts under difficult terms. All of them are serious problems constantly facing developing nations. This situation has worsened the economic situation of the poorest nations, where millions are trapped in poverty or facing starvation.

Meanwhile, Saleh Afiff, chairman of the Organizing Committee of the NAM Ministerial Meeting on Debts and Development, said in a report that the three-day meeting is being attended by 110 delegates from 30 developing nations and international organizations such as the World Bank, the IMF, the Asian Development Bank, and the UN Economic Commission for Africa.

Indonesia's Debt Program Endorsed

BK1508155894 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 15 Aug 94

[Text] Participants of the Nonaligned Movement [NAM] ministerial conference on debt and development believe that Indonesia's experience in managing its overseas debts can be used as a guideline for developing countries. This is one of the resolutions adopted by the conference, which ended in Jakarta today.

Speaking after closing the conference, Saleh Afiff, coordinating minister for economics, finance, industry, and development supervision, said Indonesia has managed its overseas debts well.

[Begin Afiff recording] We have never asked for a rescheduling of our overseas debts since the 1980's.

Therefore, it is important for those countries to know that we have a good debt management program. [Sentence indistinct]. This is the course of action that the debt-ridden countries should take so they will not undergo a second financial crisis. [end recording]

The coordinating minister said the conference participants also welcomed Indonesia's offer to provide technical assistance to them to improve their debt management as well as their stand in the talks with creditor countries.

Speaking at a separate occasion, Nana Sutresna, chairman of the NAM Standing Committee, stressed that Indonesia will not take over the issue of those countries' debts and will only offer its assistance to solve the problem.

Petrochemical Product Demand 'Soaring' in Asia

OW1508082494 Tokyo KYODO in English 0748 GMT 15 Aug 94

[Text] Tokyo, Aug. 15 KYODO—Demand for petrochemical products is soaring in China, Taiwan and Southeast Asian countries against the backdrop of high economic growth, prompting Japanese, U.S. and European makers to step up investment to expand production capacity, industry sources said Monday [15 August].

The sources said demand for petrochemical products has grown at an annual rate of about 10 percent in recent years, fueled by active investment in the region by Japanese automobile manufacturers and other major customers.

"Makers of Japan, the United States and Europe all give top priority to investment in Asia in order to get the upper hand amid rising competition," said a senior official of a Japanese comprehensive chemical manufacturer.

The Japanese petrochemical industry is shifting emphasis from exporting to the U.S. and Europe to local production in Asia since demand in Japan is unlikely to increase in view of expansion into the region by Japanese companies, the sources said.

Sumitomo Chemical Co., a major Japanese comprehensive chemical maker based in Osaka, is among the most active investors in the region, they said.

The company said its petrochemical plant completed in Singapore about 10 years ago now is undergoing the second phase of a major expansion program aimed at doubling its ethylene production capacity to about 1 million tons per year by 1997.

Total investment is estimated at 2 billion dollars.

"We will be cost competitive against U.S. and European rivals when the expansion program is completed," Akio Kosai, president of the company, said.

Japan**Patent Agreement With U.S. Signed in Tokyo***OW1708003794 Tokyo KYODO in English 2336 GMT
16 Aug 94*

[Text] Washington, Aug. 16 KYODO—U.S. Commerce Secretary Ron Brown and Japan's ambassador to Washington Takakazu Kuriyama signed a trade pact Tuesday [16 August] aimed at harmonizing patent rules between the two countries.

The Japanese Patent Office, which has been involved in negotiating the patent deal, released the contents of the agreement in Tokyo on Tuesday.

"This is an important step in helping America's inventors gain better access to Japanese markets," Brown said in a statement his office released after the private signing ceremony.

The agreement to harmonize patent rules is the first concrete deal concluded under the so-called "framework" process of trade talks the two countries have conducted over the past year.

None of the more contentious trade issues, including all the three "priority" industry areas listed under the July 1993 framework accord, has been resolved.

Under the patent accord, the U.S. Patent and Trademark Office is required to publish pending patent applications 18 months after filing, beginning with applications filed after Jan. 1, 1996.

Japanese officials say the measure is aimed at redressing unexpected royalty claims by U.S. patent holders through the so-called "submarine" patent system.

The Japanese Patent Office is required to end the practice of allowing third parties to oppose a competitor's patent before it is granted.

This step, intended to accelerate the patent-processing time, will be implemented by April 1 next year, the U.S. Commerce Department said.

Tokyo has also agreed to put in place by January 1996 an accelerated patent examination procedure that will enable applicants to obtain disposition of their patent applications within 36 months, upon request, the Commerce Department said.

The Japanese and U.S. patent systems have been described as two of the most incompatible in the world, despite the close trade and economic ties of the two countries.

The patent accord signed Tuesday does not address the difference between the U.S. and Japan on how to award patents.

The U.S. awards patents to the person or entity judged to be the original inventor, while Japan and most countries in the world use the first-to-apply principle in awarding patent claims.

Tokyo, Washington To Hold Insurance Talks*OW1708015094 Tokyo KYODO in English 0114 GMT
17 Aug 94*

[Text] Washington, Aug. 16 KYODO—Negotiators from Japan and the United States are expected to resume working-level framework talks on insurance in Seattle on Aug. 22-23, U.S. trade officials said Tuesday [17 Aug].

Insurance business is one of the three priority areas under the bilateral trade talks, along with automobiles and auto parts, and Japanese public-sector procurement of telecommunications and medical equipment.

Tokyo and Washington remain split over objective criteria, Japan's "keiretsu" mutual stockholding practices and the so-called third sector that combines the benefits of both life and casualty insurance businesses.

Automakers Expect U.S. Pressure Over Exports*OW1708043994 Tokyo YOMIURI SHIMBUN in
Japanese 13 Aug 94 Morning Edition p 7*

[Text] Japan's trade surplus with the United States increased sharply in July mainly because of an increase in automobile exports. In this connection, the Japanese automobile industry is expressing growing concerns that "the United States may enhance its pressure on Japanese cars again," (as stated by a major automaker).

The U.S. automobile market now has a tendency toward full-fledged recovery; the number of automobiles exported to the United States from Japan (on a customs-clearance basis) increased three months in a row since May. In July, the number drastically increased by 1.5 percent compared with the same month in the previous year. The amount of auto exports to the United States has increased five months in a row since March due to the appreciation of the yen, achieving a 33.30 percent increase.

The reason exports are increasing despite the yen's appreciation is that Japanese automakers' local production in the United States has reached almost full capacity.

The voluntary restraint on car exports to the United States, which started in fiscal 1981, has been abolished since the start of fiscal 1994 because of the judgment that "the restraint exists in name only due to a decrease in the number of exported cars." The number of exported cars in fiscal 1993 was only 1,390,000 units despite the self-restraint on car exports, which was set at 1,650,000 units.

There is a possibility that the number of cars exported to the United States, which has been decreasing since fiscal

1987, will increase this fiscal year. For this reason, it is expected that the U.S. automobile industry, including the U.S. Big Three automakers, will again take up Japanese cars as a "source of trade friction" and that it will call on the U.S. Government to take a hard-line stance on this issue.

U.S. Interest Rate Hikes Welcomed in Tokyo

*OW1708003694 Tokyo KYODO in English 0023 GMT
17 Aug 94*

[Text] Tokyo, Aug. 17 KYODO—Japan's financial authorities Wednesday [17 August] welcomed the hikes of two key U.S. interest rates as likely to help stabilize the currency markets.

The U.S. Federal Reserve's policy-forming Federal Open Market Committee (FOMC) decided Tuesday to raise the official discount rate and the federal funds rate by 0.5 percentage point each to 4.0 percent and 4.75 percent, respectively.

A financial official said the move was taken to dispel lingering worries of inflation in the U.S. economy.

"I expect the hikes to lead to stabilization of foreign exchange rates," the official said.

But the authorities said a close watch is required on how the rate hikes will affect U.S. treasury bond prices, to which the dollar has been sensitive in recent sessions.

Automakers on Increased Sales in U.S. Market

*OW1208074594 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 11 Aug 94 Morning Edition p 1*

[Text] With the U.S. automobile market basically moving toward a full-fledged recovery, major Japanese automakers, including the Toyota Motor Corporation, have made upward revisions of their projected sales of automobiles in the U.S. market in 1994. Toyota, which initially planned to sell 1.03 million cars, now plans to sell 1.048 million. The Nissan Motor Company, Ltd. marked up its planned sales to slightly over 770,000 units from the initial 725,000. The two companies plan to meet the new demand mainly by increasing exports. The Mazda Motor Corporation plans to increase its planned sales of cars in the U.S. market by an additional 32,000 units to 399,000 by increasing local production. As a result, Japanese automakers are expected to increase their share of car sales, leading to a likely rise in tensions between themselves and the U.S. Big Three automakers.

Toyota calculated the total demand for cars in the United States in late 1993 at 14.1 million units. However, due to a sharp increase in demand last spring, the company revised the figure to 15.2 million units. Along with the upward revision, the company reviewed its sales plan and designated its projected market share at 6.9 percent, or 1.048 units.

In the January-July 1994 period, Nissan sold 451,700 units, which is a 14.5-percent increase over the same period last year. In particular, while the total increase in demand for cars in the U.S. market remained at 0.1 percent in July alone, Nissan cars performed well, showing an 11.6-percent increase in sales during that month. The company has set the total annual demand for cars in the United States at 15 million units. At the current rate of sales growth, the company expects to sell nearly 800,000 units this year.

Mazda also expects a total demand for cars in the United States of 15 million units. It plans to attain its sales target by increasing its local production by 179,500 units, or a 38-percent increase over last year. The company also plans to increase its car exports from Japan to 219,500 units, which will primarily include its new "Familia" models. The Honda Motor Company, Ltd. and the Mitsubishi Motors Corporation have not made upward revisions of their sales plans.

However, in July alone, the share of Japanese cars in the U.S. market rose to 31.3 percent. This exceeds the 30-percent line that alarms the U.S. Big Three. Exports of Japanese cars to North America have also been noted to be increasing. The situation is likely to refuel tensions between Japanese automakers and the Big Three, which, due to their good business performance, have recently refrained from criticizing their Japanese rivals.

High Yen Stimulates Reverse Imports of Autos

*942A0556A Tokyo ASAHI SHIMBUN in Japanese 5
Aug 94 p 11*

[Text] The sale of reverse import cars is increasing rapidly with the high yen as a tailwind. According to the number of newly registered imported vehicles (new car sales) for July which the Japan Auto Import Association published on 4 August, sales of reverse import cars was 10,711 units, equivalent to 2.7 times the same month of the previous year, and the highest in the past. Honda Motor and Nissan Motor, which are having a hard fight in domestic sales, have reverse importing on a full-scale cars produced in overseas plants in Europe and the United States for a bolster; imported cars as a whole have recorded a large increase at 30,467 units, a 49.6-percent increase compared to the same month of the previous year.

Sales of reverse-import cars reached 45,869 units in the aggregate total from January to July, an 80.3-percent increase compared to the same period of the previous year. In July, U.S. Honda had the most with 6,054 units, equivalent to double the previous year. Moreover, the cars produced by Nissan Motor in its European and U.S. plants had a great increase from 86 units the previous year to a total of 3,650 units, and Japanese cars occupied first and second place among the total sales of import cars.

Both Honda and Nissan are lagging in recovery of domestic sales. In June this year when overall domestic

sales began to increase, Honda had a 6.4-percent decrease compared to the same month of the previous year, even adding the reverse import cars; Nissan also fell below the previous year with an 8.3-percent decrease, and it has attempted to bolster sales by increasing reverse import cars. As a result, the number of sales including reverse import cars in July showed an increase of 9.4 percent compared to the same month of the previous year, and the minus gap for Nissan shrank to a 6.4-percent decrease compared to the same month of the previous year.

Reverse import cars have become a weapon for bolstering sales because prices can be set lower than overseas automakers with cost reductions and the high yen in addition to being provided with a domestic sales network. On the occasion of starting reverse import of the Accord wagon and coupe which had a model change in February this year, Honda set the price a maximum of 96,000 yen cheaper than the older models. Moreover, Nissan also has priced its seven-passenger RV at 400,000 to 500,000 yen cheaper than competitive cars in the case of the recreation vehicle (RV) "Mistral" (2.61 million to 2.79 million yen) manufactured at its Spanish plant that was introduced in June this year.

On the other hand, sales of pure import cars by European and U.S. automakers also are favorable and overall there has been a 20.1-percent increase with 19,756 units, an increase for nine consecutive months. Starting with 1,829 units, 2.7 times the previous year, for Ford (including Europe Ford) which introduced new cars on the Japanese market, it also has been favorable for Volkswagen, which is implementing price-cuts and low-interest loans, Volvo, and Rover.

Journalist Reports on Kim Il-song's Heart Attack

*OW1708041894 Tokyo ASAHI SHIMBUN in Japanese
16 Aug 94 Morning Edition p 3*

[Text] North Korea is said to have asserted that its President Kim Il-song suffered a heart attack on the night of 7 July after inspecting a farm near Mt. Myohang, the DPRK's scenic site where a special guest house is located, earlier in the day. A team of doctors was rushed from Pyongyang and conducted emergency treatment, but it was too late. Kim died early the next morning. This story was related by senior officials [of the DPRK] to Mun Myong-cha, a Korean journalist in the United States, who attended the funeral for Kim.

According to Mun, President Kim went to Mt. Myohyang on 7 July to oversee preparations to accommodate South Korean President Kim Yong-sam during his visit to attend the South-North summit scheduled to open on 25 July.

The summit itinerary did not include plans for a visit to Mt. Myohyang, but the visit was planned to let "President Kim [Yong-sam] take a rest there." President Kim [Il-song] looked excited, saying: "This will be the first

historic summit meeting since the country was divided into South and North." Accompanied by several cabinet members, he went around checking bedrooms and bathrooms, and requested to have the refrigerators stocked with the DPRK's well-known mineral water.

Later in the afternoon, he inspected a nearby farm in the extreme heat of 37-38 degrees, and then returned to Mt. Myohyang.

He suffered a sudden heart attack that night. He fell with a thud, but said "I am alright" to the people around him. Secretary Kim Chong-il, who was in Pyongyang, rushed a team of doctors by helicopters. The doctors tried emergency surgery by opening his chest, but according to the related story, it was too late.

UN Envoy Regrets Raid on Chongryun in Kyoto

*OW1608151494 Tokyo KYODO in English 1502 GMT
16 Aug 94*

[Text] Geneva, Aug. 16 KYODO—A Japanese envoy to the U.N. Human Rights Committee expressed regret Tuesday [16 August] over the June 6 police raid on the Kyoto prefectural headquarters of a pro-Pyongyang association of Korean residents and 26 other related sites based on a mistaken assessment of evidence.

The emissary was responding to allegations on Aug. 9 by a North Korean envoy at the panel's subcommittee on discrimination that the raid impinged on the human rights of members of the General Association of Korean Residents in Japan (Chongryun).

The raid came in response to a tip from the Kyoto Municipal Government that a Chongryun-related school had failed to submit a mandatory report on purchases of part of a total 43,000 square meters in land plots it bought for the relocation of a school building.

However, later in the day, the city authorities alerted the police that they had found the documents submitted by the school, forcing a halt to the already-underway raids and bewildering the Japanese authorities.

The Japanese envoy also told the U.N. panel that Japan deplores the fact that many Korean girls attending Chongryun-related schools came under harassment and violent attacks from some Japanese hooligans amid tension over the alleged North Korean nuclear arms program.

He said Japanese police are conducting a thorough investigation of such criminal acts against the Korean girls as slashing their traditional "Chima Chogori" skirts with knives.

The North Korean envoy blasted the raid and these incidents as actions undertaken with the tacit consent of the Japanese Government and on its instructions.

The Japanese envoy rejected the charges, saying the harassments "were criminal actions conducted by individual citizens which do not constitute rights abuses committed by the government authorities."

Government To Send Troops to Rwanda Region

OW1708115794 Tokyo KYODO in English 1108 GMT
17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—Japan will dispatch 200-300 Self-Defense Forces (SDF) troops to countries bordering Rwanda in September to help refugees, ruling coalition officials said Wednesday [17 August].

The SDF contingent will provide medical and sanitary care, supply food and water, and build accommodation and lavatories at refugee camps. They may also be allowed to carry arms to defend themselves, the officials said.

Under the blueprint, 200-300 members from the SDF's medical, sanitary, engineering, supply and transport sections will be dispatched next month, they said.

The plan was ironed out at a Wednesday meeting of officials from Japan's three ruling coalition parties—the Social Democratic Party (SDP) led by Prime Minister Tomiichi Murayama, the Liberal Democratic Party (LDP) led by Foreign Minister Yohei Kono, and New Party Sakigake headed by Finance Minister Masayoshi Takemura.

Japan has sent SDF personnel to Cambodia and Mozambique since the U.N. Peacekeeping Cooperation Law was enacted in June 1992 to allow SDF members to join U.N. peacekeeping activities.

This time, however, SDF troops would be sent abroad for the first time under the law's provision on overseas humanitarian rescue operations, the officials said.

A second government fact-finding commission, including Defense Agency and Foreign Ministry officials, will go to refugee camps in Zaire and Tanzania as early as this week, and Diet members from the ruling parties will also visit the region next month, they said.

The premier said Tuesday he was considering the dispatch of an SDF contingent as U.N. peacekeepers to countries neighboring Rwanda.

Murayama's SDP has traditionally opposed the dispatch of SDF personnel overseas, saying it would violate the Constitution which renounces both war and armed forces.

Government officials said last Friday that the first government inspection team to the region proposed that SDF support be provided for Japan's assistance to U.N. activities there.

The team, which returned last Thursday after observing conditions in refugee camps in neighboring Zaire and Tanzania, said in a report that Japanese involvement in the region should take a "highly self-sufficient" form.

Coalition Agreed

OW1708075294 Tokyo KYODO in English 0718 GMT
17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—Japan's three ruling coalition parties agreed Wednesday [17 August] to dispatch Self-Defense Forces (SDF) personnel to countries

surrounding the civil-war hit Rwanda under the U.N. Peacekeeping Cooperation Law, officials said.

The coalition also agreed to send a Defense Agency fact-finding mission to the countries, the officials said.

The mission will investigate ways in which SDF personnel can assist Rwandan refugees such as in medical supplies, hygiene, food distribution, and construction of toilet facilities.

Prime Minister Tomiichi Murayama said Tuesday he was considering the dispatch of an SDF contingent as U.N. peacekeepers to countries neighboring Rwanda.

The coalition comprises Murayama's Social Democratic Party (SDP), the Liberal Democratic Party led by Foreign Minister Yohei Kono, and New Party Sakigake headed by Finance Minister Masayoshi Takemura.

The U.N. Peacekeeping Cooperation Law was enacted in 1992 allowing SDF personnel to participate in U.N. peacekeeping efforts abroad.

The SDP had traditionally opposed the dispatch of SDF personnel citing Japan's constitutional constraints on overseas deployment of its troops.

Government officials said last Friday that a government team, which has been inspecting local conditions surrounding international aid to Rwanda, proposed that SDF support be provided for Japan's assistance to U.N. activities there.

The inspection team, which returned last Thursday after observing conditions in refugee camps in neighboring Zaire and Tanzania, said in a report that Japan's involvement in the region should take a "highly self-sufficient" form.

Japan has sent SDF personnel to Cambodia and Mozambique to assist U.N. activities.

Miyashita 'Favorable'

OW1708063594 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 16 Aug 94 Morning Edition p 2

[Text] On 15 August, Sohei Miyatshita, newly appointed Environmental Agency director general, held a news conference for NIHON KEIZAI SHIMBUN and other media sources. Touching on Japan's freeze on participation in the UN Peacekeeping Force (PKF), Miyashita said: "When it comes to the PKF, people often imagine the use of armed force. But this is a misunderstanding. Cabinet members have voiced different views on the issue. But personally, I do not think there is anything to worry about." Thus, he indicated a favorable approach toward lifting the freeze on PKF participation.

Troops To Carry Light Arms

OW1708051994 Tokyo KYODO in English 0401 GMT
17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—Troops of Japan's Self-Defense Forces (SDF) will carry light arms for self

protection if they are sent to countries around Rwanda to cooperate in U.N. Peacekeeping activities, a government source said Wednesday [17 August].

SDF soldiers carried light weapons when they were sent to Cambodia on a United Nations mission from 1992 to 1993.

The source also mentioned the possibility that the organization of the SDF will be modified to cope with an expected increase in dispatches overseas of SDF members in the future for helping refugees.

Prime minister Tomiichi Murayama said Tuesday he is considering the dispatch of an SDF contingent as U.N. Peacekeepers to countries neighboring the civil war-stricken Rwanda.

Ex-Defense Chief Protests Chinese Reports

OW1608141294 Tokyo KYODO in English 1347 GMT 16 Aug 94

[Text] Tokyo, Aug. 16 KYODO—Former Defense Agency chief Keisuke Nakanishi said Tuesday [16 August] he lodged a protest with the Chinese embassy in Tokyo over Chinese press reports that denounced him as one of the Japanese Cabinet members who had to resign over controversial war remarks.

Shinseito's Nakanishi said the erroneous reports were made in connection with the resignation on Sunday of Environment Agency chief Shin Sakurai, who had come under fire for maintaining that "Japan did not intend to wage a war of aggression in Asia" in the past war.

China's official XINHUA NEWS AGENCY reported Sunday that within less than a year three cabinet members, including Nakanishi, had to go because of their controversial war remarks.

The party organ people's daily on Monday likewise listed Nakanishi among ministers who have denied Japan's wartime aggression.

XINHUA's Tokyo bureau chief Liu Wenyu told KYODO NEWS SERVICE that the agency will decide on its response after studying Nakanishi's protest.

Nakanishi, a member of the opposition Shinseito, served as Defense Agency chief in Prime Minister Morihiro Hosokawa's coalition government.

He resigned last December after his call for revision of Japan's pacifist postwar constitution to open the way for broader engagement of the Self-Defense Forces in U.N. peacekeeping drew heavy criticism from within the coalition as well as from opposition parties.

Steel Maker To Produce Machine in PRC

OW1708030694 Tokyo KYODO in English 0156 GMT 17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—NKK Corp., one of the world's five largest steelmakers, will produce part of a

steel bar rolling machine in China to save production costs, the NIHON KOGYO SHIMBUN newspaper reported Wednesday [17 August].

The machine, worth about 2 billion yen, has a production capacity of 200,000 tons per annum.

NKK will make about three-quarters of the machine in Japan, while the rest will be produced by a Chinese machinery maker, a joint venture with NKK and a state-run steel engineering company in Beijing. The machine will be assembled and installed in Vietnam, which ordered the steel production machine.

By doing so, NKK will reduce production costs by 40 percent of what it would have cost to produce the machine entirely in Japan, the paper added.

The move is to cope with appreciation of the yen on foreign exchange markets and heating price competition with overseas counterparts, the paper noted.

It said NKK plans to boost its overseas procurement to 15 billion yen this year, about 3.5 times of last year's level, in order to fight such competition.

The steelmaker plans to expand joint production with Chinese firms, the paper added.

Kawasaki, Sumitomo To Build Steel Plant in PRC

OW1708045894 Tokyo KYODO in English 0349 GMT 17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—Kawasaki Steel Corp. and trading house Sumitomo Corp. have received an order from a Chinese firm to build a steel plant in China, company officials said Wednesday [17 August].

Baoshan Iron and Steel Corp. has asked the Japanese firms to build steel converters and other facilities, to be shipped by 1996 and to start operations in the first half of 1998.

The order is estimated to be worth about 20 billion to 30 billion yen, industry sources said.

The Chinese steelmaker's current production capacity is 7 million tons a year.

With the new equipment ordered alone, Baoshan will be able to increase its yearly crude steel production capacity by 3 million tons, responding to the growing demand for steel in China and neighboring countries, the officials said.

Service Starts To Exchange Japan-China Business Data

OW1708104994 Tokyo KYODO in English 0837 GMT 17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—Private credit research agency Teikoku Databank and the Association for the

Promotion of International Trade have inked a memorandum to promote exchange of information on companies and markets in Japan and China, officials said Wednesday [17 August].

The research agency and the Japanese association specializing in trade promotion between the two countries started the tie-up business the same day, providing corporate credit information in Japanese for Japan's customers and in Chinese for Chinese customers, the officials said.

Under the memorandum, the research agency will domestically sell information collected by the association from the Chinese Government and its affiliates and the association will use the agency's corporation data on-line computer service to retrieve information for Chinese firms, they said.

The move is aimed at meeting increasing demand for accurate data both from Japanese and Chinese companies on the back of the fast growing Chinese economy, they said.

Oil Field Production in SRV To Start in Oct

*OW1708030594 Tokyo KYODO in English 0208 GMT
17 Aug 94*

[Text] Tokyo, Aug. 17 KYODO—A five-party international consortium will start commercial production of crude oil at an oil field off Vietnam in mid-October, officials of the Japanese partner said Wednesday [17 August].

An official of Sumitomo Corp., which is part of the Japanese alliance, Dai Hung Oil development (Japan) Ltd., said 25,000-35,000 barrels of oil per day are expected from the Dai Hung oil field, with most of it being exported to Japan.

The Japanese joint venture, consisting of Sumitomo, Nippon Oil Co., Japan Energy Corp., Sumitomo Petroleum Development Co. and the governmental Japan National Oil Corp., owns a 10.625 percent stake in the oil field.

BHP Petroleum Pty Ltd., a unit of Broken Hill Proprietary Co. of Australia, Petronas of Malaysia, Total of France and Vietnam National Petroleum Corp. (Petrovietnam) are also participating in the project.

The Dai Hung oil field, located 260 kilometers southeast of Vung Tau, has an estimated deposit of 1 billion barrels of oil.

Analysts expect the international project to cost a total of 1.8 billion dollars.

Foreign Ministry To Send Balkan Expert to Macedonia

*OW1708045594 Tokyo KYODO in English 0330 GMT
17 Aug 94*

[Text] Hiroshima, Aug. 17 KYODO—The Foreign Ministry has decided to send a Balkan expert to Macedonia

[The Former Yugoslav Republic of Macedonia (provisional)] to support European efforts to prevent the ethnic conflict in neighboring former Yugoslavia from spilling over into the multinational state, ministry officials said Wednesday [17 August].

Chieko Oba, 32, a lecturer at Hiroshima Municipal University and reportedly "the only Macedonian-speaking Japanese," will join the spill-over monitor mission, set up by the Conference on Security and Cooperation in Europe (CSCE) in the capital of Skopje, from September to December.

The mission plan was adopted in September 1992 by the CSCE, a conflict-prevention body grouping more than 50 states in Europe, former Soviet Republics, the United States and Canada. Eight members are currently gathering information and analyzing the situation on the spot.

Macedonia has several ethnic minorities such as Albanians, Turks and Serbs. A U.N. Protection Force has been deployed to prevent Macedonia's Serbs and Albanians from getting involved in ethnic conflicts.

Japan, which has observer status in the CSCE, expressed its intention to cooperate with the mission in February. Oba was chosen for her language ability and detailed knowledge of the multinational Balkan peninsula, the officials said.

Oba, who lectures on nation-state theories, spent some time during her studies in former Yugoslavia, which has since the beginning of the ethnic conflict three years ago split into Croatia, Slovenia, Bosnia-Herzegovina, Macedonia and a Serb-dominated area.

"When I was studying there I imagined such a situation was possible but didn't expect it to happen," Oba said. "I hope I can contribute to preventing conflicts by witnessing developments on the spot."

SDF To Reduce Maneuvers Due to Budget Restraint

*OW1708104894 Tokyo KYODO in English 0816 GMT
17 Aug 94*

[Text] Tokyo, Aug. 17 KYODO—Japan's Self-Defense Forces (SDF) will cut back on maneuvers next year because of a restrained defense budget increase, Defense Agency sources said Wednesday [17 August].

The Defense Agency had requested a 2.8 percent hike in its budget for fiscal 1995 beginning next April 1, but the three ruling parties decided to hold it to an increase of 0.9 percent.

After factoring in a raise in personnel expenditures and contributions to U.S. Armed Forces in Japan, the budget for next fiscal year will be a de facto decrease, forcing the agency to cut down on maneuvers, the sources said.

For example, Ground Self-Defense Force (GSDF) personnel have previously practiced long-range bombardment using 203-millimeter howitzers at a training site on Japan's northernmost main island of Hokkaido, but they will not carry out such drills at the site next year, the sources said.

Instead, the GSDF will increase short-range bombardment practices around each camp.

The Maritime Self-Defense Force will also cut down on operation days for its destroyers and training hours of antisubmarine patrol planes, they said.

The Air Self-Defense Force will reduce flight hours and the number of pilots to be trained, they said.

DA To Procure Domestically Built Escort Ships

OW1708031694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Aug 94 Morning Edition p 12

[Text] The Defense Agency [DA], which plans to procure two escort ships (each with a displacement of 4,400 tons) in its fiscal 1994 budget, has tentatively decided to give Mitsubishi Heavy Industries and Sumitomo Heavy Industries the orders for the two ships. The DA estimates the cost of building an escort ship, including its equipment, at approximately 65 billion yen. The two companies will conclude formal contracts with DA by the end of this year and deliver the two escort ships at the end of 1998. A 5,600-ton minesweeper is the only ship for which the DA has yet to place an order under the 1994 procurement program. Since the DA has tentatively decided to give Mitsubishi Heavy Industries and Sumitomo Heavy Industries the orders for the two escort ships, the order for the minesweeper is highly likely to go to Hitachi Zosen Corporation.

The two escort ships that Mitsubishi Heavy Industries and Sumitomo Heavy Industries are likely to build are new model ships that the DA began procuring in 1991, and the two escort ships will be the third and the fourth escort ships, respectively, to be procured by the DA. The escort ships, which will be equipped with the latest radars, are capable of intercepting fighters and missiles with anti-air missiles fired from a vertical missile-firing pad after locking in on them coming from multiple directions. A highly sophisticated fitting [giso] technology is required to build those escort ships.

The minesweeper is the only ship for which the DA has yet to place the order, and the cost of building it is estimated at approximately 30 billion yen. The order for the ship is very likely to go to Hitachi Zosen Corporation in the light of its ship-building capability and its record of receiving orders.

DA Initiates Electronic Data Processing Study

OW1308132094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Aug 94 Evening Edition p 3

[Text] With the aim of promoting the electronic processing of technical information, the Defense Agency

[DA] has established a research council under its Technical Research and Development Institute, and started research in cooperation with private companies, such as Mitsubishi Heavy Industries, Ltd. The DA plans to study the "CALS" [expansion unknown] concept proposed by the U.S. Department of Defense so that its procurement of equipment will be simplified in the future. In considering the fact that the growth rate of the defense budget has been limited, the DA aims to reform its complicated paperwork and promote the reduction of procurement costs.

Several technical officials from the Technical Research and Development Institute will join this council, called the "Research Council on Electronic Processing of Technical Information," and deal with their tasks mainly by exchanging views with the defense industry, including Mitsubishi Heavy Industries and Fujitsu Ltd. The main task will be to study the electronic procurement network CALS which has been widely adopted in the U.S. defense industry.

CALS is a concept aimed at establishing the information infrastructure to effectively utilize manpower, goods, and time by building an online system for handling the design, procurement, parts supply, and maintenance of weapons. It was proposed by the U.S. Department of Defense in 1985, and has been widely adopted by the U.S. defense industry. This concept is also expected to be introduced to the private sector. The United States is urging the participation of the Japanese Government and private sector.

In the long run, the electronic processing of specifications of U.S.-made imported armaments and the online processing of designs for licensed production are expected in the domestic defense industry. Regarding such a scenario in the future, the council will study the following matters: 1) ways to clarify and enlighten people about the "CALS" concept; 2) ways to ensure security when the CALS is introduced, 3) possible legal problems resulting from the electronic processing of contracts.

The Japan Electronic Industry Development Association (with its chairman Takashi Kitaoka) under the Ministry of International Trade and Industry has been also studying the CALS. It will also hold its first seminar and exhibition on the CALS in late September.

SDF Services React to Defense Panel Report

OW1708060794 Tokyo SANKEI SHIMBUN in Japanese 12 Aug 94 Evening Edition p 10

[Text] The "Panel on Defense Affairs" (headed by Hiro-taro Higuchi, president of Asahi Breweries), an advisory body to the prime minister, submitted on 12 August a report entitled "How Japan Should Maintain Security and Defense Capability" to Prime Minister Tomiichi Murayama. While proposing that Japan build a modern and efficient defense capability, taking into account the Asian and Pacific situation following the end of the Cold

War, the report stresses the need for Japan to restructure the Self-Defense Forces [SDF] by cutting back on the number of SDF personnel and weapons. The three services of the SDF, which regard the report as having tough contents, are poised to pay attention to "how the Murayama cabinet will deal with the report in the future."

Ground Self-Defense Force

The report proposes slashing SDF personnel from the current fixed number of 274,000 to about 240,000. The proposed cut in SDF personnel will have a direct impact on the Ground Self-Defense Force [GSDF] which maintains 150,000 personnel despite its set number of 180,000. Though Hikaru Tomizawa, chief of the GSDF Staff Office, says, "We have anticipated it to some extent," the GSDF is reacting seriously to the report.

The GSDF will certainly scale back its front-line units by reorganizing some 13 divisions (with each division having 7,000- 9,000 troops) into brigades (with each brigade having about 3,000 troops) and closing or merging its military bases. Tomizawa says the closing or merging of the military bases is "an issue that should be resolved while consulting with local people," because they maintain close ties with local communities while engaging in rescue operations in disaster areas.

The report proposes that a "new SDF reservist system" be introduced to speedily call up reserves in the event of an emergency. But the substance of the proposal is only to improve the "current SDF retired personnel system." The GSDF is very unhappy with the report for its failure to mention the "public recruitment of the SDF reserve system," the introduction of which it has sought.

Maritime Self-Defense Force

The report analyzes that the likelihood of full-fledged attacks on Japan's sealanes by former Soviet submarines has lessened. The report proposes that the conventional defense policy of attaching importance to antisubmarine and antimine warfare be reviewed, the number of P-3C antisubmarine surveillance planes and minesweepers be shrunk and the deployment of war capability be kept in balance by enhancing sea and antiair combat capabilities. Chiaki Hayashizaki, chief of the Staff Office of the Maritime Self-Defense Force [MSDF], says: "We have to realize that times have changed greatly and in reality. We will have to create our own framework for the distribution of resources to prevent our capability from declining after the numerical cut in our force."

The report also proposes that the crackdown on drug smuggling and pirates be included in the MSDF's duties to secure the safe navigation of sealanes in the East China Sea. In response, Hayashizaki says, "The MSDF will be able to crack down on them in concert with the Maritime Safety Agency in the case of disaster, but the system for that is already in place."

Air Self-Defense Force

The report proposes reviewing the current early warning capability by introducing the Airborne Warning and Control System (AWACS) aircraft. Pointing out that the possibility of air attacks on Japan by the former Soviet Union has lessened, the report proposes that some of the 13 air units and 350 fighter jets be reduced. Shigeru Sugiyama, chief of the Staff Office of the Air Self-Defense Force [ASDF], gave mixed reactions to the proposal, saying, "The number of former Soviet fighter jets has shrunk, but it is proper to maintain the current number of fighter jets in the light of situation in our neighboring nations."

The Social Democratic Party of Japan has strongly reacted against introducing air tankers, claiming "They will extend the range of fighter jets, and their introduction is a deviation from Japan's exclusively defensive policy." Nonetheless, the report stresses the need to examine the possibility of introducing air tankers. The ASDF has long wanted air tankers. A senior ASDF officer highly rates the report, saying, "Air tankers can keep our fighters in the air longer and it will be possible to reduce the number of their taking offs and landings, thereby lowering the level of aircraft-caused noise. At long last, we have been able to succeed in obtaining an understanding of our rational."

Future Defense Policy, U.S. Leadership Viewed

OW1608121994 Tokyo MAINICHI SHIMBUN in Japanese 13 Aug 94 Morning Edition p 3

[Interview with Seiki Nishihiro, member of the Defense Policy Council, by unidentified MAINICHI SHIMBUN reporter; place, date not given; first paragraph is reporter's introduction]

[Text] The "Defense Policy Council," a private advisory panel to the prime minister, has submitted a report on the future defense policy to Prime Minister Tomiichi Murayama. In an interview, former Vice Defense Minister Seiki Nishihiro, an influential member of the council, discussed the major points of this report as well as the background surrounding it.

[MAINICHI SHIMBUN] What does the concept "diversified security" mentioned in this report signify?

[Nishihiro] Diversified security is composed of two elements. One element is the military and economic cooperation among countries and regions, and the other is the UN framework as well as bilateral and regional frameworks. The bipolar structure resulting from East-West confrontation has changed into a multipolar structure. In view of such a situation, Japan should aggressively and positively commit itself to international cooperation.

[MAINICHI SHIMBUN] The report stresses the significance of the Japan-U.S. security arrangement, while it

emphasizes the importance of the central role of the UN. What is your comment on this?

[Nishihiro] We discussed the outlook for the defense system over the next 10 years. Actually, the Japan-U.S. security arrangement and the United States contribute the most to the peace and security of Japan and the international community. In other words, U.S. leadership is essential. Meanwhile, the report first notes the need for strengthening the UN's functions in the hope that it can become more involved with peacekeeping activities in the future. However, Japan cannot entirely depend upon the UN, because the UN's peacekeeping activities have only just begun.

[MAINICHI SHIMBUN] Is that why you think that bilateral security arrangements are necessary?

[Nishihiro] The report takes the view of asking the United States to commit itself to the safety of Asia. If a security group comprising only Asian nations is formed, there will be a danger of the Asian region lacking cohesion. In other words, such a move will only provoke confusion. A flexible framework relying on the United States is suitable for the Asian region.

[MAINICHI SHIMBUN] While the report shows a positive attitude toward UN peacekeeping operations (PKO), it does not mention the UN and multinational forces.

[Nishihiro] It seems that it is impossible to form the "UN Force" as stipulated in the UN Charter. Although we think that the possibility of straightforward aggression between nations, as in the Gulf War, is slight, we believe that there is a strong possibility of continued civil war and ethnic conflict in the future. No country depends as much on the international community as Japan. The report urges Japan's engagement in the PKO missions, including participation in the UN peacekeeping forces, in every region.

The use of force to counter possible aggression similar to that in the Gulf War through the UN collective security system is neither a war of aggression nor a use of force as banned by the UN Charter and the Japanese Constitution. Although one of the commitments necessary for UN membership is to help ensure the UN collective security system, member nations' obligations are not defined. This is a matter to be decided according to the policy and public opinion of each nation. However, it is better not to be too negative about every cooperative action involving armed force.

[MAINICHI SHIMBUN] Could you explain the details of a plan to restructure the Self-Defense Forces [SDF]?

[Nishihiro] The plan would reduce SDF personnel by about 35,000 in all, as well as cut back on military vessels and aircraft. On the other hand, the theater missile defense (TMD) system and intelligence functions would be strengthened. A restructuring program would consist of such plans.

[MAINICHI SHIMBUN] The report stresses the need for utilizing reconnaissance satellites and for strengthening the communication, command, control, and intelligence functions. What is your comment?

[Nishihiro] It will be necessary to establish a system to provide proper treatment and training for personnel engaged in intelligence work. Japan's intelligence sector is less developed compared to other sectors. The report calls for greater utilization of satellites and communications, improving the treatment of personnel, and providing training for front-line specialists.

[MAINICHI SHIMBUN] What do you think about the fact that the report was submitted to the prime minister, who is from the Social Democratic Party of Japan?

[Nishihiro] The council is completely disinterested in the personality of the administration. We think this report has raised questions that should be thoroughly discussed at the Diet and among the people.

SDPJ's New Security Policy: 'Limited Defense'

OW1208115694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Aug 94 Morning Edition p 2

[Text] On 10 August, the Social Democratic Party of Japan [SDPJ] disclosed a draft of its revised security policy. In the guideline for legislation of the basic security law, the SDPJ maintains the concept of defense against aggression aimed at Japan should be a principle of "limitative defense," which authorizes the minimum use of force on Japanese territory (territorial land, water, and sky) and adjoining areas, until the UN Security Council takes necessary measures to ensure Japan's security. With the draft, the SDPJ is seeking a clear and strict limitation of the Self-Defense Forces' [SDF] duties, taking into account rank-and-file party members' frustration with the party's defense policy conversion.

The SDPJ's revised security policy plan will be submitted to the extraordinary party convention on 3 September, and it is expected to be incorporated into the party's arms reduction program—which will be released this coming fall reviewing such issues as the SDF's size and the status of U.S. Forces Japan.

In the recently-released political action plan, the SDPJ advocated legislation of the basic security law. Guidelines for the law hold the SDF is "the minimum and necessary armed mechanism used exclusively for territorial defense." The guidelines clearly note: "The SDF should not possess weapons or equipment aimed at attacks on foreign countries, and they should be scaled down in line with changes in the international situation."

On these grounds, the guidelines contain the following principles: 1) Japan should not possess nuclear, biochemical, and other massive destruction weapons; 2) Japan should not use its collective defense right; 3) SDF operations overseas should be prohibited; 4) Japan

should not adopt the conscription system; 5) civilian control should be ensured; and 6) exports of weapons should be prohibited.

The draft says the Japan-U.S. Security Treaty "is completing its function to link the two nations to stand together against 'common enemies.'" Instead, the draft stresses the treaty should shift its focus from military to non-military fields by "utilizing it as a basis to pursue the two nations' common sense of value respect for human rights, promotion of development, environmental protection, and arms reduction on a global scale."

Regarding security in the Asia-Pacific region, the draft calls for further efforts for multinational arms control and confidence-building. In addition, the draft proposes an Asian version of the Conference on Security and Cooperation in Europe (CSCE) as a comprehensive security framework covering human rights protection, economic cooperation, and social policies.

PRC's Jiang on Unstable Japanese Government

*OW1708093494 Tokyo KYODO in English 0819 GMT
17 Aug 94*

[Text] Beijing, Aug. 17 KYODO—China's President Jiang Zemin on Wednesday met a senior Japanese politician and expressed Beijing's concern about the instability of the Japanese Government, Japanese officials said.

Jiang told Japan's Liberal Democratic Party policy chief Koichi Kato that China hopes the government of Prime Minister Tomiichi Murayama "will maintain long-term stability and more importantly the stability of the leadership."

Murayama, Japan's first socialist prime minister in 47 years, launched a tripartite coalition government in late June, comprising his Social Democratic Party, the LDP and New Party Sakigake. Murayama is the fourth prime minister in a year.

An LDP spokesman quoted Jiang as saying China places a lot of importance on exchanges with Japan and frequent changes of leadership will badly effect all aspects of the political situation.

Kato, chairman of the LDP Policy Affairs Research Council, conveyed a message from Murayama expressing his hopes to visit China.

Jiang told Kato that China will warmly welcome a visit by the Japanese prime minister, the spokesman said. Jiang, who is also the general secretary of the Communist Party and head of the Central Military Commission, referred to remarks last week by a Japanese cabinet minister seeking to play down Japan's aggression in World War II, and said only a small number of Japanese people deny Japan's aggression.

The Chinese leader was quoted as saying "the important thing is to prevent small problems from expanding into bigger problems."

Japanese Environment Agency chief Shin Sakurai, an LDP politician, resigned Sunday after saying Friday that Japan did not intend to wage a "war of aggression" in Asia before and during World War II. The remark triggered anger from South Korea and China.

Jiang reiterated China's stance on North Korea, saying China wants a stable and nuclear-free Korean peninsula and is opposed to United Nations sanctions against North Korea, the LDP spokesman said.

"We must solve the problem through dialogue," he was quoted as saying. "China will play a constructive role, but China believes its role is not so important."

Jiang told Kato he will not go to Indonesia to attend an Asia-Pacific summit in November if the highest leader of Taiwan attends. He warned Japan not to invite top Taiwan leaders to the Asian Games in Hiroshima this fall.

The Chinese Government's position on Taiwan is to solve the problem through unity, Jiang was quoted as saying. But he did not elaborate.

Jiang also downplayed China's military buildup, saying China's military was for defensive purposes only and that foreign countries should not look upon China as a threat, he said. He claimed China sells weapons only if they are beneficial to the stability of the purchasing country and are used for defensive purposes only, the spokesman said. Jiang also told Kato that Chinese weapons sales are smaller than those of other countries, the spokesman said.

Kato, who is currently on a six-day trip to China since Sunday, left Beijing on Wednesday afternoon for a visit to Shenzhen and Shanghai before returning to Japan on Aug. 20. He met with Vice Premier and Foreign Minister Qian Qichen on Tuesday.

Kato served as chief cabinet secretary under Prime Minister Kiichi Miyazawa and as Defense Agency Director General under Prime Minister Yasuhiro Nakasone.

Murayama's Policy Shifts Backed by Local SDPJ

*OW1708104694 Tokyo KYODO in English 0929 GMT
17 Aug 94*

[Text] Tokyo, Aug. 17 KYODO—Some 60 percent of prefectural leaders of the Social Democratic Party (SDP) [of Japan, SDPJ] support policy shifts announced by party head Tomiichi Murayama who is the prime minister, according to results of a nationwide KYODO NEWS SERVICE survey released Wednesday [17 August].

Less than three weeks ahead of a party convention the readiness to go along with Murayama remains lukewarm and seems to be motivated more by a desire to stay in power than a felt need for an SDP face-lift after four decades in opposition.

Even those who support sacrificing traditional SDP views such as condemning the Self-Defense Forces (SDF) as unconstitutional, pledging neutrality, and not recognizing the Hinomaru Rising Sun Flag, or supporting nuclear power generation, do so only conditionally.

Asked whether they approve of the Kimigayo, Japan's de facto national anthem, the local party executives were divided into two equally strong camps.

The survey reflects the personal views of secretaries general of the SDP's 47 prefectural headquarters, who were asked about how they intend to vote at the upcoming party congress. The post of secretary general is second only to that of chairman.

SDP leaders in Shimane, Saga and Miyazaki Prefectures remain steadfast in their opposition to the six basic policy changes stipulated in a newly drafted SDP platform to be tabled for approval at the convention set for Sept. 3.

Twenty-seven of the leaders are willing to recognize the SDF as constitutional, while seven uphold the SDP's traditional antimilitary banner.

Support for the defense alliance with the United States through the Japan-U.S. Security Treaty is similarly strong, with 28 local SDP leaders approving and six opposing the arrangement.

A majority of supporters, though, demand that the size of the Self-Defense Forces be reduced and that the military side of the alliance with the U.S. become less important.

As for the concept for unarmed neutrality, 29 SDP headquarters support the party leadership's view that the idea has outlived its historical role.

Twenty-seven local party executives acknowledge the Hinomaru, provided its use is not made mandatory at school events and other public ceremonies, while the secretaries general of seven chapters refuse to recognize it.

Opposition to the national anthem is stronger, with 19 local SDP leaders rejecting it. Most of the 19 accepting it, nonetheless, want its lyrics changed.

Twenty-six acknowledge nuclear power plants compared with eight disapproving of this kind of energy generation, but all in all the local party heads take a cautious stance on the construction of new nuclear reactors.

The opposition camp is expected to grow, as Shimane, Hiroshima and Nagasaki Prefectures, known as strong

opponents of Murayama's revisions, were among seven respondents who said they had not yet decided how they would vote.

Typical reasons cited for support of the premier's new policies were the need for a stable government and the hope that the coalition government will stay in power for a longer period.

The Tokyo chapter alone considered a policy shift necessary from a long-term perspective and "not only to grab power."

Party Officials Discuss Future Policies

OW0508131794 Tokyo MAINICHI SHIMBUN in Japanese 1 Aug 94 Morning Edition p 2

[Panel discussion by Yoshiro Mori, secretary general of the Liberal Democratic Party; Wataru Kubo, secretary general of the Social Democratic Party of Japan; Kozo Watanabe, acting secretary general of Shinseito; and Yuichi Ichikawa, secretary general of Komeito; moderated by MAINICHI SHIMBUN Editorial Board member Takakazu Matsuda—place and date not given]

[Text] [Matsuda] The policies on security and the Self-Defense Forces [SDF] have become the points of confrontation among political parties. With the Social Democratic Party of Japan [SDPJ] changing its traditional basic policies, what policies will be the next point of confrontation among the political parties?

[Kubo] Mr. Murayama (prime minister) has stated that he will strive to "practice politics that care for the people and make the people feel at ease." To specify his statement, the prime minister intends to work for peace and justice. The government should boldly push for the policies of disarmament, human rights, environment, and welfare. The government will respect the autonomy of local governments and think of placing more importance on education.

[Ichikawa] Over the past few years, the official discount rate has been lowered several times, only resulting in a loss of 3 billion yen for depositors who have had to receive interest on their deposits. The official discount rate has been lowered as part of economic stimulus measures, but the lowering of the rate has only helped banks and enterprises laden with bad loans. The economy is not structured for the sake of wage earners, which can be found everywhere. Nearly revolutionary reforms must be carried out. I believe the question of whether or not political parties aim for revolutionary reforms will become the next point of confrontation.

[Watanabe] I applaud Mr. Murayama for making a bold policy shift that denies the platform that the SDPJ persistently upheld since it was founded and the SDPJ's basic political beliefs. His policy switch means the unnecessary of a socialist party in Japan. Political parties sharing the same policies on the free democratic political system, foreign relations, defense, education,

and energy will vie with each other. We intend to rally politicians who are critical of the current coalition government that was formed by the SDPJ and the Liberal Democratic Party [LDP] to prepare ourselves to take over the reins of government whenever the coalition government falters.

[Matsuda] Mr. Watanabe, would you spell out your plans to take over the reins of government?

[Watanabe] What Mr. Kubo just said are slogans. All the political parties have the same slogans. What makes a difference is whether political parties bear responsibility for state finance and politics.

[Matsuda] After all, I believe that the political parties should quickly move toward building a two-party system.

[Mori] The coalition government age will continue for the time being. Each political party has its own pride and dignity. The SDPJ and LDP have a long history of existence as political parties. The LDP has organizations across the country. The LDP cannot be simply disbanded or split. Shinseito [Japan Renewal Party] is now asserting the formation of a new-new party only one year after it was founded. Shinseito and the Japan New Party have no history. They are taking pride in trumpeting reforms. We cannot tolerate their actions.

[Watanabe] The history that Mr. Mori just mentioned, means the past LDP government that clung to power for a long time. The collusion between politics, the government, and business has grown out of this history. Mr. Mori just said that the LDP has many local groups. But the LDP has created the local groups by using taxes in various ways.

[Mori] I did not say the local groups. Mr. Watanabe, you misunderstood what I just said. I said local organizations. All the political parties should think of specific policies that Mr. Kubo just put forth. The question is the method and priority. In other words, the question is to what policies the political parties should give their priorities. Now that the SDPJ has decided to change its basic policies, the LDP and the SDPJ will work together to formulate and carry out important policies. This is a great advance.

[Matsuda] I believe that the qualitative differences between the LDP and SDPJ have now disappeared. What is your comment?

[Mori] To cite an example, when it comes to the question of how to secure financial resources for investments in education and science and technology, both the LDP and the SDPJ should boldly push for educational reform. Given the progress in the internationalization and expansion of the traffic network, Japan has become a narrow nation, I believe that it is reasonable to reduce the current number of national universities by half, although my comment may be taken as rude. If the LDP and SDPJ remain as confrontational as they were in the

past, they would clash over educational reform because of the SDPJ's consideration for school teachers. Now that the SDPJ has changed its basic policies, both the LDP and the SDPJ will be able to discuss ways to promote educational reform without going through any difficulty.

[Kubo] In the coalition age, we seek cooperation rather than confrontation. Mr. Watanabe just said that socialism has become unnecessary in Japan. The role of worldwide socialist forces, who believe in excessively ideological socialism, is certainly coming to an end. In fact, however, antisocialist political forces flexibly embraced policies that socialist parties proposed in the political moves of the 20th century. What socialism aimed for in the past will continue to remain intact in the future. Given the debate on which will be better, a "big government" or a "small government," I believe that a debate on whether "the state is for the people" or "the people are for the state" will be one of the points of future confrontation among the political parties.

[Mori] The LDP and SDPJ are destined to work together because they share the same method and procedure for promoting democracy. Shinseito does not share them. Shinseito has been denouncing the LDP's local organizations and the collusion between politics, the government, and business. For a long time in the past, all Shinseito members worked for the creation of local organizations and collusion as LDP members. They are now criticizing the LDP while pretending to have nothing to do with the local organizations and the collusion after breaking away from the LDP. Their actions are like spiting in their own faces.

[Matsuda] It has been pointed out that the Hosokawa and Hata coalition governments adopted a shadowy policy-making process and high-handiness and that the old ruling coalition parties shoring up those governments must be engaged in soul-searching.

[Watanabe] We took a tough attitude when we dealt with the "gaishin" incident and held consultations with the SDPJ on forming the next coalition government. As a result, we forced the SDPJ into forging an alliance with the LDP. We are somewhat discontented with the SDPJ allying with the LDP, but we are engaged in soul-searching on the way we dealt with things at the time.

[Matsuda] Are the LDP, SDPJ, and Sakigake [Harbinger Party] specifically promoting their electoral cooperation?

[Mori] It is important for the three ruling coalition parties to supplement and help each other as much as possible in elections. It is also important for political parties to field candidates to vie with other candidates in elections. Yet, the political parties need not field their candidates compulsorily.

[Kubo] I believe that the ruling coalition parties shoring up the current coalition government should seek the

possibility of cooperating with each other in elections. The SDPJ intends to promote electoral cooperation among the ruling coalition partners while respecting the local situation. The SDPJ promoted specific electoral cooperation with the old ruling coalition parties. The SDPJ has to resolve the question of how to deal with the electoral cooperation with the old ruling coalition parties. We must think of how leaders of the three ruling coalition parties will decide on the electoral cooperation among them in elections.

[Matsuda] I think that opposition parties will have to cooperate with each other in elections. Mr. Watanabe, what is your opinion?

[Watanabe] If the opposition parties were in disarray during elections, the candidates they fielded would be unable to defeat candidates running on tickets of the largest and second largest parties. It is a matter of course that the Reform Promotion Consultative Council created by the old ruling coalition parties will take charge of coordinating their campaign strategies. The old ruling coalition parties have already set up an election counter-measure headquarters, among other things. The old ruling coalition parties intend to form a new-new party in September that will become a political party playing part in two political forces.

[Matsuda] In the past year, politicians experienced the change of party affiliation from ruling parties to opposition parties. When did they actually feel the change of their party affiliation? What did the opposition parties learn while shoring up the past coalition governments?

[Watanabe] Shinseito may not think of itself as an opposition party because it became an opposition party just one month ago. Nonetheless, Shinseito shares the responsibility with other political parties to the people.

[Ichikawa] What I found when my party, Komeito, was one of the ruling coalition partners shoring up the past coalition governments is that all decisions made by the ruling coalition parties carried pain and it was difficult to hold the ruling coalition parties together that had no agreement on basic policies. The ruling coalition parties need to be prepared to share pain.

[Mori] We were frustrated with a heavy heart when our party, the LDP, was reduced to an opposition party. The indescribable feeling of disappointment gripped the entire party at the time. The eyes of legislators affiliated with the LDP began to shine differently after the LDP joined the current government as one of the ruling coalition partners. I actually felt how they changed after the LDP returned to power when I saw them vigorously working on the coordination of policies.

[Kubo] In the past, legislators affiliated with the SDPJ had a tendency to persistently assert and speak against what they could not support. What was important for them in the past was their assertions, not results. Nonetheless, they did their utmost to get the 1994 budget bill

passed in the Diet even after the SDPJ broke away from the Hata government because the SDPJ joined the Hata government in drafting the budget bill. If the SDPJ were an opposition party, it would have opposed the 1994 budget bill that includes an outlay for the purchase of Airborne Warning and Control System (AWACS) aircraft. However, the SDPJ was determined to get the budget passed in the Diet because of experiences it gained while shoring up the Hosokawa government as one of the ruling coalition partners. The experiences the SDPJ gained while shoring up the Hosokawa government for eight months and the SDPJ's decision to change its basic policies will be a plus for the SDPJ.

[Watanabe] From now on, all parties will become ruling parties or opposition parties at one time or another. The experiences the SDPJ gained while shoring up the Hosokawa government represent an advance in Japanese politics.

[Matsuda] What should the old ruling coalition parties do to return to power?

[Kubo] Many point to the high-handed tactics that old ruling coalition parties employed. But, I do not think that is the only problem the old ruling coalition parties must address. What I learned during the time when the SDPJ shored up the Hosokawa government was that if the ruling coalition parties do not pay close attention to the decision-making process for policies, things will not go smoothly. The SDPJ made a specific proposal for increasing the democratic nature, openness, and transparency of the decision-making process when it held consultations with the LDP on forming the third coalition government. Each political party vehemently opposed extending the extraordinary Diet session to elect a new prime minister. I still wonder whether their opposition was good or not. I believe that the SDPJ's decision to forge the alliance with the LDP was not wrong. There was not enough time for the SDPJ to fully discuss the validity of forging the alliance with the LDP, however. A large number of SDPJ members took actions against their party's decision to forge the alliance with the LDP. In the past year, I found intractable problems facing the coalition government.

[Ichikawa] The LDP-SDPJ alliance is a transitional step toward a future realignment of the political parties. What is important for the current ruling coalition parties is that they must explain to the people what they plan to do for them and what policies they plan to pursue for them.

Brokerage Firms Beefing Up Derivative Business

*OW1708111894 Tokyo KYODO in English 1042 GMT
17 Aug 94*

[Text] Tokyo, Aug. 17 KYODO—Japanese securities companies are beefing up their financial derivative business like interest rate swaps and stock options trading, industry officials said Wednesday.

They said demands by institutional investors wishing to improve their fund management performances and companies seeking to prevent risks from interest rate fluctuations are encouraging brokerage firms to promote the business.

Brokerages are also hoping to create a new source of commissions, while catching up with foreign counterparts that are already active in dealing with financial derivatives.

Nomura Securities Co. has established a special team under the Stock Trading Department, while boosting the size of its workforce. It also recruited interest rate swap specialists in the bond section.

Daiwa Securities Co. is also beefing up its swap transactions targeting regional and Shinkin Banks (Credit Associations) as potential clients.

Nikko Securities Co. has set up a new section to develop new financial derivative instruments, bringing home experienced staff from the United States.

The 11 major commercial banks, known as city banks, are also strengthening their commitments, officials said.

A senior official at a major securities firm said his industry can no longer survive merely by selling stocks. Commercial banks are entering the brokerage business and their strength in the derivatives business could also affect underwriting of debts by securities firms.

Investors Demand Disclosure of Derivative Transactions

*OW1308121594 Tokyo ASAHI SHIMBUN in Japanese
11 Aug 94 Morning Edition p 11*

[Text] Derivative transactions are growing worldwide, and the computerized financial products in foreign exchange and monetary markets are becoming popular even among smaller Japanese companies. Derivatives often affect the foreign exchange market, and uncontrolled transactions sometimes become the hotbed of window-dressing settlements. The Bank of International Settlements (BIS) and financial authorities of member nations have recently worked out a policy to tighten control over derivatives. However, the derivative market is still premature in Japan, due to strict control by the Finance Ministry, while the market is calling for relaxed regulations.

Derivatives are used to reduce credit risks resulting from changes in foreign exchange and interest rates. They are also favored by speculators for being high-return products which can be started with small amounts of funds.

A report by the U.S. Board of Auditing said the balance of the world's derivatives hit \$17 trillion in the end of 1992, up 150 percent in the previous three-year period. While transactions are not yet very brisk in Japan, the balance of money interest swap trading, a kind of derivative, doubled in a one-year period from 1991 to 1992.

When the value of the dollar dropped below 100 yen [Y] in U.S. markets in late June, "the yen rate hike was accelerated" by currency options regardless of marketplace realities.

In late July, the BIS Committee on Bank Supervision (or so-called Basel Committee) proposed member nations' limitation of derivative balances of and better risk management systems for financial institutes. The U.S. Congress has been discussing a bill to restrict derivative transactions since last year.

Following the BIS proposal, the Japanese Finance Ministry and the Bank of Japan started designing a framework to control derivative trading. The Federation of Bankers' Associations of Japan (chairman: Sumitomo Bank President Toshio Morikawa) is also studying possible risk management measures taken by individual financial institutes.

Derivative transactions sometimes result in legal disputes between investors and financial institutes because of their tendency to produce great amounts of business losses. Procter & Gamble Co. (P&G), a major U.S. manufacturer of household consumer goods, posted a \$157-million extraordinary loss in the first quarter of 1994. This was mainly due to losses from derivatives purchased from Bankers Trust, a major U.S. bank. P&G made investments in a special derivative called a "leveraged money rate swap," which produces large profits through the downward mobility of market interest rates. However, the swap transaction resulted in huge losses due to an upturn of interest rates.

Even in Japan, the "Kumamoto Motor Transportation Center Co.," a third-sector company in which the Kumamoto Municipal Office participated, sued Nippon Credit Bank in May for a Y930-million loss from currency options. In the lawsuit, Kumamoto claimed "the loss was caused by the bank's inadequate explanation of its dealings."

In both cases, investors are blaming financial institutes for inadequate information on the nature of their dealings. Some derivatives are not necessarily reported in balance sheets, and this may enable companies to report profits even if they have huge losses from speculative transactions. Japan's information disclosure system covers futures and options only, and swaps are not yet restricted, despite the diversification of financial operations. Therefore, there is growing demand for "disclosure systems providing better information."

MITI, Others Fight Over Cheap Gasoline Sale

MITI vs. Unlicensed Station

942A0407A Tokyo AERA in Japanese 13 Jun 94 pp 6-9

[Article by Masatake Endo, editorial staff writer: "100 Yen per Liter for Gasoline Is Still Too High"]

[Text] In Aichi Prefecture, an unlicensed 100 yen gas station has appeared. A long line of cars formed at this station that has found itself at odds with MITI [Ministry of International Trade and Industry]. The prospect of collapsing prices is approaching the oligarchical oil industry.

One hundred yen for one liter of regular gasoline. Since a bargain station called "Kanare Beikoku" (president: Katsutoshi Kano) opened on 18 May [1994] in Komaki City of Aichi Prefecture, on some days approximately 2,000 cars squeeze in to refuel, purchasing a daily average totalling about 40 kiloliters. This amounts to selling about four tanker trucks worth.

The average monthly quantity sold at the approximately 3,000 gas stations in Aichi Prefecture is 70 kiloliters. It is amazing that a month's worth can be sold in two days.

On the Sunday after this station opened, two men from Hokkaido journeyed there.

One was the king of sales in Hokkaido, Mr. Akira Nakano (47). He manages six large food stores in Sapporo, Kitami, Tomakomai, and other locations called "Cowboy" which operate specifically on Saturdays and Sundays.

All of the stores have enough parking spaces for more than 1,000 cars. On Saturdays and Sundays, 2,000 cars come to one store. He is interested in selling cheap gasoline in those parking lots.

"I decided to do it, so I came here just to see how it should be done. I have requested inexpensive wholesale from a supplier, but it probably won't work out. That's why I want to find out about hidden supply routes."

The other man, Mr. A (47), manages more than 10 bargain stations in Hokkaido.

"The supplier stopped selling to me at wholesale, and five of my stands are idle. I need to get gas somehow."

The year before last [1992] in Hokkaido where regular costs 129 yen per liter, anticipating that "gasoline deregulation is near," Mr. A reduced his price to 120 yen and received a warning from the Fair Trade Commission for dumping.

The reason for the warning was that "selling at extremely low prices would mean that those with financial resources would have the advantage and that fair competition would be impaired." MITI also "cautioned" the wholesale supplier to Mr. A, telling it to "keep the situation under control," according to Distribution Division of Petroleum Department, MITI.

The wholesaler responded by cutting off the man's supply of gas.

Tankers Shut Out in an Effort To Snuff Out Supply

"One can't win against the government officials. I was too rash in my reading on deregulation. In Hokkaido the

(hidden) 'black market supply' is difficult to get. At this rate I won't make it, so when I saw the news I came running."

"Kanare Beikoku" was newly built and opened in a location just off the Komaki interchange of the Tomei Meishin expressway. It is a large 1,186 square yard station that cost 140 million yen to build. It can refuel 12 cars.

The neighboring stations prepared by reducing the price of regular to 108 yen per liter since March, but they are taking a real beating. Says Katsuyuki Nagai (57), manager of the nearest "Idemitsu" station, "What a stroke of bad luck. Imagine Japan's first illegal station being put up right next door. I feel like screaming 'why?!' I have been in business here for 23 years, but this is the biggest crisis yet."

Kanare is the "side business" of a rice businessman who runs seven rice stores in Nagoya. Rice is also sold at the station. Sales are so brisk that the 30 young people working there part-time drip with sweat.

Kanare's underground tank is twice the usual size, especially large so that it can hold 110 kiloliters. It is not enough for the tanker truck carrying gasoline to bring gas in the morning; it also makes a trip in the afternoon to replenish the gas.

There are none of the familiar markings on this tanker truck, such as "ESSO" or "Idemitsu." It is unmarked. When it arrives at Kanare, the driver conceals the license plate with a sweater or piece of cloth. On the line that identifies the "fuel type on board" the vehicle is written "kerosene." Of course, however, the contents are gasoline.

The Chubu MITI office will not have anything to do with "Kanare Beikoku" and it remains unlicensed. In order to snuff out its life now, its lifeline to the wholesaler must be shut off as was done in the case of Mr. A. The neighboring stations are desperate. "At any rate, we want whoever is supplying wholesale to Kanare to be identified and to stop shipment."

The delivery destinations of tanker trucks being refilled at the trading company oil tank area (oil base) are being closely monitored.

"From the time they leave the oil tank area, they are followed and eventually two were banned from going in and out of the oil tank area, even though we are supplying by different vehicles."

This is making life difficult for oil broker Mr. Takao Yokoi (44) who is wholesaling gasoline to Kanare Beikoku. Kanare's especially large tank is in preparation for the event of a "gas shortage."

The Glutted Gasoline Market: "Sufficiently Doable Even at 95 Yen"

"It is most likely the orders of the government office. The industry uses private detective agencies, etc., for

tracking. Ordinarily, though, if we write "kerosene" on the truck, they won't follow us..." says Mr. Yokoi, who is Kanare Beikoku's hero. The normal supplier wholesale price—the average for May—of regular gas was 101 yen per liter. This is higher than the Kanare selling price. Says President Kano, "He has made all of this possible." Simply by faxing the amount remaining in the tank to Mr. Yokoi, the tanker truck comes seemingly out of nowhere.

Hokkaido bargain king Mr. A, whose supply valve has been cut off, pleads, "How about it, Mr. Yokoi, I'll do whatever you say."

Mr. Yokoi shrugs his shoulders: "Recently I wouldn't want to be caught out on dark roads at night. It's really scary."

Japan imports 99 percent of its oil. Because it is a strategic material, the country regulates the import of crude oil and petroleum products. Guidance is provided as often as opportunity allows on the wholesale price of petroleum products, such as gasoline (passenger car fuel), kerosene (household heater fuel), gas oil (fuel for trucks, etc.), heavy oil (factory fuel), naphtha (a petrochemical product), etc., and a system of registration has been established for the operation of gasoline stations. To make matters worse, a huge amount of taxes is collected.

Importation of crude oil is limited to companies equipped with the three capabilities of refining, quality maintenance, and storage. There are currently 26 such companies. Among them, there are the 13 so-called suppliers that have sales divisions for gasoline, etc., including Idemitsu, Nippon Oil, Mitsubishi, ESSO, Showa Shell, General Sekiyu, etc. Each of the companies supplies wholesale the total amount of gasoline it has produced to special chains of stations (large stations). At least, this is the principle. The chain stations sell more than half of their supplies themselves and provide the rest to affiliated stations at wholesale. The signs reading "Idemitsu," "ESSO," etc., in the cities indicate supplier affiliation. The emergence of 100 yen gasoline would not be possible by this route alone.

However, the only real way for the suppliers to make a profit is, as we will touch on later, through gasoline. There is almost nothing to be made selling the likes of kerosene and heavy oil. Each company produces enough gasoline to exceed its "own selling capacity." There is some left over even after selling wholesale to chain stores; so, they sell it to trading companies. The trading companies then resell to traders such as Mr. Yokoi as well as to large-scale stations.

The regular market price for this "black market gas" by the hidden route from which traders sell to each other was 84.5 yen per liter during mid-May. The ordinary route of wholesale from supplier to the chain stores had been approximately 101 yen. This is a difference of as much as 15 yen.

This difference is apparent in Kanare's 100 yen price and the retail average of 114 yen (the national average is 121 yen) in Aichi Prefecture. It is just possible that the profit margin of the discount station Kanare is greater. Says President Kano: "We can even go as low as 95 yen."

As for black market gas, it is treated as a legitimate product produced by suppliers, and the market price is published in the newspaper. However, in principle, it does not exist.

"Any supplier is going to tell you 'we don't sell black market gas.' However, they do. This is the dirty part of business. Probably 3 percent of the total amount distributed is black market gas," says Public Relations Manager Chuji Nishikado (59) of Petroleum Association of Japan, an organization of oil refineries and suppliers (located in Tokyo's Keidanren Building).

Black market supplies also come from chain stores. Depending on the chain store, it may obtain supplies in excess of what it can sell or wholesale by itself. When the quantity is great, the invoice price is cheap. The remaining portion is resold.

Kanare Beikoku started business with black market gas. President Kano went twice since December 1993 to register for operation at the Chubu MITI office (in Nagoya). However, his application was not accepted. Under the Gasoline Retail Business Law, one is asked to indicate the supply route of the gasoline.

"Indicate Supply Route"—"Such a Request Itself is Unlawful"

Mr. Kano simply wrote the name of the trading company. Ichiro Yamagami (45), chief of Petroleum Division at that MITI office, made inquiries to the trading company in question.

"They answered that they had no intention of doing such a thing. This is a problem. We need applicants to write their supply route extending from the station to its original supply route," says Mr. Yamagami.

The trading company that deals in black market gas from hidden routes is not about to admit that "yes, we are their wholesaler." Besides the Gasoline Retail Business Law does not require writing who the supplier is.

According to Kanare Beikoku lawyer Mr. Masao Iwamoto, "MITI's request for that information itself is unlawful."

There are approximately 30 "unmarked stations" in Aichi Prefecture that sell mainly black market gas. When they open for business, they display the supplier's sign. There are cases of stores which, after a few years, take down the signs and become unmarked. This behavior is receiving tacit approval.

This means that trying to open an unmarked station from the start would not be allowed. Mr. Kano's application was again denied in April, and he started without

it. He received a building permit from the fire department and municipal offices, saying "I'm going to sell oil." He had been selling kerosene oil along with rice. For some reason, stating one's supply source for selling kerosene was unnecessary.

He was told that unlawful operation carries a fine of 300,000 yen and a two-year freeze for opening of any new stations; however, he aims for a feat accomplished by appearing on newspapers.

Faced with the trend toward price collapse and easing of controls, MITI is cautious. However, the managers of neighboring stations and the Aichi Prefecture Petroleum Trade Association (about 3,000 stations) are disgruntled.

Says managing director Mr. Toshiyuki Saito of the above association, "This is just like saying that it is okay to drive on the wrong side of a highway if you are willing to pay 300,000 yen. If this is acceptable behavior, then this is not a law-abiding country. They are luring customers by throwing in a few items equivalent to 1,000 yen."

When Kanare opened, it "presented five gift items, such as detergent, etc., to customers who filled up with more than 20 liters." Even so, there are long lines of cars wanting to save even a little by buying inexpensive gasoline.

Legitimate gasoline and underground gasoline both come from the same supply companies. Refining and supply companies have monopolistic control over the importation, refining, and sale of petroleum, and the structure is such that the country has thrown the net of regulations over that by which it can take in enormous amounts of tax.

"Why is the importation of petroleum limited to refining and supply companies? This is the same thing as only apple producers being able to import apples. It just makes the prices higher," says Mr. Yokoi, the tank truck man.

The market price for gasoline imported from Singapore is approximately 15 yen per liter for regular, which is the price at the time of its arrival in Japan. Customs tariffs, oil tax, and gasoline tax total 56 yen, making the tax inclusive price about 70 yen.

Even when this is adjusted so that the quality meets JIS [Japanese Industrial Standards] standards and a few yen per liter are added for over-land transport expenses, far from needing to charge 100 yen, stations would be able to turn a sufficient profit even at 90 yen. However, the only ones who can import it are the refinery and supply companies.

Since suppliers buy it as crude oil and refine it, their cost including tax is even cheaper than 70 yen. They then sell that wholesale to the chain stores for 100 yen. This is an actual margin of 30 yen per liter. Even black market gas that wholesales at about 85 yen yields 15 yen.

The average amount sold at stations nationwide is 80 kiloliters per month. Assuming a 30 yen per liter margin, the supplier will reap a profit of 2.4 million yen per station per month or about 30 million yen annually. Nationwide there are 60,000 stations and as many as 97 percent of those are affiliated with the suppliers.

In 1987 there was excitement generated about bad gas in Nagoya and other areas in Aichi Prefecture. The cause was black market gas. When supply and demand are tight, black market gas also becomes scarce and there is uncertainty about impurities being introduced. This is the Achilles heel of black market gas.

"Deregulation Will Cause Confusion" "Even this Industry will Have a Showdown in Next Six Months"

The watchword of chain stores is stable supply and quality assurance. However, their selling price is controlled by the suppliers. When sold at a high price, it is invoiced expensively. If it is sold too cheaply, one ends up like Mr. A from Hokkaido. For the consumer, it is a nuisance.

The Petroleum Council is studying all these in the direction of easing regulations. However, there is strong resistance from bureaucrats and the industry.

"If liberate, there would be confusion in case of an emergency just as was the case with rice. If the system of licensing is done away with, we would not be able to maintain responsibility vis a vis the populace. This is because if there is an emergency, it would be supplied by means of the stations," says Setsuo Iuchi, deputy chief of Distribution Division of Petroleum Department, MITI.

The Food Control Law, in preparation for such an "emergency," ended up causing more confusion, but MITI is also strengthening its guard using the shield of "stable supply and quality assurance."

To hear Kanare Beikoku's side of the story, "stable supply" is more of a concern for kerosene, which is indispensable in winter, while gasoline is a nonessential item. It holds that throwing the net of "stable supply" over gasoline is intended only to protect the profits and the oligarchical suppliers as well as to generate a stable supply of tax revenue.

Says Mr. Nakano, Hokkaido bargain king, "I love these regulations. Things which are regulated present business opportunities. It was true with alcohol and rice. Each industry goes down the same road. Even with gasoline the showdown will come in the next six months to one year."

Kanare Beikoku may have ignited the fuel of a price war.

Half of Prices Goes to Tax

942A0407B Tokyo AERA in Japanese 13 Jun 94 p 10

[Article by Masatake Endo, editorial staff writer: "With Island Nation Price Scheme, the Failure of Engine Is Imminent"]

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[Text] *Even though at time of importation the price of gasoline and kerosene is almost the same, why does gasoline alone become so expensive?*

Half of the price of gasoline is tax. Of the 100 yen gasoline sold by Kanare Beikoku, 56.20 yen is tax. Moreover, the consumption tax is also levied on that tax.

When 4,000 yen worth of gasoline is filled into the tank, a consumption tax of 120 yen has to be paid. Sixty-seven yen of that is the tax generated from the 2,248 yen of the original tax. The ordinary person considers this to be ridiculous, but according to Mr. Susumu Fukuda (45), chief of the Second Tax Division of Ministry of Finance, "It is indeed improper not to apply the consumption tax because the consumption tax is supposed to be uniformly applied without exception to final consumption. Unfortunately, this is the first time I've heard the argument of it being a tax on another tax."

Mr. Nagano of Nikkeiren [Federation of Employers' Association], say something, please.

In the United States, which has the same direct tax system as Japan, only about nine yen per liter of gasoline is for tax. Japan's is six times that.

During the long May vacation period, I drove several hundred kilometers on highways in the United States. There were no tolls. Gasoline costs just over one quarter the price in Japan. This brought home the difference between us and them.

The total amount of Japan's oil tax revenues is 4.4 trillion yen (fiscal 1991). This constitutes 5 percent of national tax revenues and is 19 percent of indirect tax revenues. The gasoline tax portion makes up 2.2 trillion yen.

Even though gasoline is this expensive, approximately 48 million kiloliters was sold last year. A price decrease by 10 yen per liter would total 480 billion yen. A 20 percent decrease would be equivalent to a tax decrease of 1 trillion yen.

If importation of gasoline is liberalized, this "tax reduction" would not be a dream.

One other reason for the high price of gasoline in Japan is the after-effect of the 1974 oil shock. A unique form of price guidance, possible because of Japan's being an island nation, is performed and continues to drag on to this day.

Because of the Mid-east war, crude oil prices jumped approximate nine yen per liter. The pretax cost price of gasoline at that time was 11.30 yen; kerosene was 13 yen; gas oil was 12.50 yen. Close to the international price, kerosene was more expensive.

To which products should this nine yen be added? MITI's guidance determined that 17.10 yen would be slapped onto the price of gasoline, zero would be added to kerosene, and 8.9 yen would be added to gas oil.

Huge Profit After a Single Phone Call; A Significant Difference From International Price

"Changing the price of kerosene was dreaded because of what it would do to housewives. As for gas oil, they were afraid of the shock to the truck industry and lifestyle. So they slapped most of it on gasoline, which is a 'luxury item.' Other countries added on in accordance with the international price. Only Japan the pretax price of gasoline stuck out," says Petroleum Association of Japan's Public Relations Manager Chuji Nishikado.

Even now the international price of kerosene is higher than gasoline but with Japan's island nation price scheme, kerosene is 48 yen per liter (May national average) which is less than half the price of gasoline.

In continental Europe this sort of slight of hand is impossible.

If France were to price the way Japan does, all the French would go to Germany or Belgium to purchase gasoline. And other nations would only buy their kerosene in France.

Says MITI Petroleum Department Distribution Section Assistant Manager Setsuo Iuchi, "At the time of the oil crises, the populace including the media requested this allocation. Now there is an undercurrent of voices calling for adjustment according to international prices in the government offices."

According to calculations, if kerosene and gas oil were to be raised one yen, gasoline would become two yen cheaper. However, for the refineries and supplier businesses, a two frontal war with housewives and the trucking industry would be out of the question. If they can sell a large quantity of gasoline they should be able to make tremendous profits because of dropping crude oil prices and the strong yen.

Says Mr. Takao Yokoi, who dispatches tanker trucks to Kanare Beikoku, "The suppliers buy gasoline from Singapore at 15 yen per liter and make massive profits by reselling it with one phone call. If importation was deregulated so that we could also do it, gasoline prices would go right down."

Importation of petroleum products such as gasoline is limited to refinery and supplier companies (by the Provisional Measures Law on the Importation of Specific Petroleum Refined Products.) The bargain traders in Aichi Prefecture sued that this "Provisional Measures Law on Specific Petroleum Importation" was unconstitutional but lost their case at the Tokyo High Court.

The same law is effective for a limited period until 1996. The Petroleum Council is examining whether to deregulate after that.

Debate Over Self-Service

942A0407C Tokyo AERA in Japanese 13 Jun 94 p 11

[Article by Masatake Endo, editorial staff writer: "Japanese Can Do It, Too"]

[Text] *At stations in Europe and the United States, it is only natural that one refuels by oneself. Why are Japanese "soft"?*

Once the issue settles down, "Kanare Beikoku" plans to run for 12-car fueling stations and sales of sundries such as rice, detergents, etc., using three employees.

Says President Kano: "Reducing one employee will make an annual difference of three million yen. According to the Fire Services Law, it will not be possible to "convert to self-service" immediately, but the refueling hoses can be managed by a single register in the office. So, we are almost becoming self-service."

"Self-service" means that customers refuel at the stations themselves and pay. This will be supposed to reduce personnel expenses and the price of gasoline.

This is usual in Europe and the United States. In the United States, self-service is available in all but two states. The average station has a small convenience store and at most is manned by two employees during the daytime and one at night to watch the store and manage refueling.

When customers come to the station, they pay in advance at the register, fill their own car up with gas, and return to the register to get their change. There are push button operations possible at the register to assure that only the amount of gas that is paid for in advance will be dispensed.

Speaking from my experience in living in Los Angeles and London, refuelling operations are extremely simple and offer no inconvenience. There are even some customers who come to buy only sundries so these stations generate quite a bit of "nongas profit."

Recently in the United States, it has become commonplace to insert a credit card and get a receipt at a unit next to the refueling hose without going to the register, resulting in more and more advances in labor saving.

In Japan, when one goes to a station, waiting attendants spring into action and file out. They wipe the windows, clean the ashtrays, bring an application form and ask you to become a member, give you things like tissues, and ask you which way you will be exiting the station.

All this fuss is for something that other people of the world are doing for themselves.

The Petroleum Council is looking into self-service for reducing personnel expenses. However, the industry is very much opposed.

Managing Director Koya Takahashi of Aichi Prefecture Petroleum Trade Association says, "How many people are going to unbuckle their seat belts, refuel by themselves, go and pay the money, and put their seat belt back on...? This will create a lot of lost time and if the station is crowded, people will only become irritated. Today's young people dislike touching refueling nozzle handles

that others have touched and, in the first place, even if the number personnel is reduced, prices will not go down because nonoil profits will decrease."

The Rest of the World is Riding the Wave of Restructuring. Why Do Gas Stations Increase Only in Japan?

The national organization, the Zensekiren [National Petroleum Association] also developed opposing arguments in its petroleum deliberations in April and May [1994].

"Refuelling efficiency will drop and quantities sold will decrease." "There will be a dramatic decrease in nonfuel profits from such things as car washing, oil changes, etc." "There is a concern that mistakes between gasoline, kerosene, gas oil will be made in refuelling."

"Since there has been an increase in mechanically weak drivers, they will be unable to control the safety of their cars, which is a cause for concern about accidents."

This resembles the arguments that were made for the necessity of golf course caddies. There are no caddies at British golf courses where golf originated and where golfers pull the carts themselves. In winter players carry their bags to keep from damaging the grass.

There are no caddies in the United States either where the players drive carts themselves.

In Japan a golf course with no caddies is unheard of. The reason for "opposing self-service" is that efficiency will drop unless caddies are around to hurry the play along, resulting in decreased profits. Lunches would become unnecessary so "nongolf profits" would decrease. It would be dangerous because balls would be hit in to areas where the groups in front are still playing. Bad golfers are on the rise, so accidents would occur and the golf courses would be damaged.

Besides, expressed after the style of Managing Director Takahashi, "Who these days is going to run to get their own clubs and wipe the mud off their own balls?"

The number of gasoline stations in Europe and the United States because of restructuring after the oil shocks during the 10 year period from 1974 to 1983 decreased in the United States by as many as 75,000 to 130,000 stations and in England from 33,000 to 23,000, and in West Germany from 35,000 to 21,000.

During this period, only Japan's number increased from 45,000 to 54,000 and now number approximately 60,000 stations. The supply companies desire to sell as much gasoline as possible. Excessive competition is generating unnecessary service competition at stations.

If self-service is unreasonable, one way would be to reduce the number of stations to around 20,000 to be on a par with the number in European countries because, after all, gasoline is still referred to as a "luxury item."

MITI Petrochemical Supply, Demand Forecast

942A0549A Tokyo NIKKEI SANGYO SHIMBUN in
Japanese 5 Aug 94 p 15

[By Tatsuro Fujii]

[Text] Of major [petrochemical] derivatives in Japan, the growth rate as calculated for ethylene is 1 percent... The forecast of demand for petrochemical products in the 10-year period from 1993 to 2003, compiled by the International Subcommittee of the Petrochemical Products Supply and Demand Council, which is a private advisory organ to the director of the Basic Industries Bureau, Ministry of International Trade and Industry [MITI], has become a very grim figure. Furthermore, the amount of ethylene needed for domestic production is said to be shifting to a decline from the 1993 record in both the next five years and next 10 years. The meaning of the forecast seems to be that a shakeup and reorganization of the petrochemical industry is unavoidable.

This demand forecast is made every year by the committee, compiling the outlook for supply and demand in the international as well as domestic market. In this, the domestic demand outlook for petrochemical products through 1998 is forecast to be an average annual increase of 0.8 percent based on the 1993 record and, calculated for ethylene, it is a very low figure of about 5.9 million tons for 1998. Furthermore, in the five-year period from 1998 to 2003, the average growth rate will be no more than 1.3 percent, and the domestic petrochemical market is indicating that it already has matured.

In addition to the demand forecast, the import-export outlook is grim for manufacturers. Although there was an export surplus of about 20,000 tons as calculated for ethylene in 1993, the balance will reverse in 1998 and prospects are for an import surplus on the level of 30,000 tons as calculated for ethylene. By 2003, imports will further expand and there will be an import surplus of 70,000 tons for ethylene.

As a result, considering the domestic demand outlook and import-export balance, it appears that the amount of ethylene needed in Japan will be on the level of 5.6 million tons both in 1998 and 2003. Since the amount needed in 1993 was about 5.9 million tons, it is a shortage of about 300,000 tons. In the sense of domestic production, it means that in actuality, negative growth cannot be avoided during the period of the next 10 years.

As opposed to this, domestic ethylene production capability is increasing. Production capability in August 1993 was 6.8 million tons annually, taking the average value of years when scheduled repairs are conducted and years of normal operation. Added to this, Maruzen Petrochemical has decided on operation of a plant with annual production of 600,000 tons in the Chiba district at the end of this year, and the total domestic ethylene production capability in 1994 and thereafter will increase to 7.4 million tons. Even assuming there will be no new facilities after this plant goes into operation, a gap of about

1.8 million tons will be generated between the capacity and the amount needed in 1998, and the operating rate will drop to about 75 percent. It is a level where it will be rather difficult to take a profit.

This demand forecast has become grim in all kinds of aspects compared to the previous forecast compiled last year. In the previous forecast, the average growth rate to 1997 was 1.4 percent, the import-export balance in 1997 was just about even, and the amount of ethylene needed was estimated to be 6.2 million tons. The great change in the forecast in one year is caused by a predicted acceleration of the overseas production shift in various kinds of processing and assembly industries that are the users of petroleum products due to the high yen taking root and an expanded influx of overseas petroleum products.

The various petrochemical companies are seriously accepting this forecast. The common perception is that, "since the total amount cannot increase, there is nothing to do but proceed with thorough cost reduction." However, they are aware that there are limits to a self-effort survival policy, saying that, "in the current situation where there are superfluous players for every resin, the effect will become known if only one company proceeds with cost reduction" (petrochemical manufacturer officer). However, there are still few companies that have produced a response for survival, except for a few examples such as the merger by Mitsubishi Kasei and Mitsubishi Petrochemical and the tieup through resin between Asahi Chemical Industry and Showa Denko.

MITI, which compiled the demand forecast, says: "Our role is to create an environment for strengthening the constitution of the petrochemical industry and to provide valid information, and this forecast is one of that data. It is for the various companies to actually decide what to do" (Yoshiaki Umemura, chief, Basic Chemicals Division). However, there also is the view of this forecast that "the message has been tossed out that MITI does not have much time for an industry that cannot get off its duff." In any case, it seems that undoubtedly it will be data urging a decision by each company on improvement of constitution.

Denki Kagaku Acquires BASF Resin Technology

942A0548A Tokyo NIHON KEIZAI SHIMBUN in
Japanese 8 Aug 94 p 11

[Text] Denki Kagaku Kogyo has decided to build within its Chiba plant (Ichihara city) a new plant which can continuously produce polystyrene, a typical synthetic resin. It will be a facility with an annual production scale of 30,000 tons; it will introduce technology from the large German chemical company BASF and aim for operation at the beginning of 1996. Many firms have curbed facility investment due to sluggish demand and worsening market conditions in the general-purpose resin field, but Denki Kagaku has judged that it cannot maintain adequate competitiveness with existing facilities where efficiency cannot be raised with old production processes, and has decided to renovate facilities.

Polystyrene is a typical synthetic resin that is used in external packaging material for household appliances, daily sundries, and various wrapping materials. Among these, Denki Kagaku is renovating the high-grade product class facilities called "shock-resistant polystyrene" which is formed by polymerizing synthetic rubber for home appliances and OA equipment. The amount of the investment will be slightly over 1 billion yen and construction will start soon. The company expects to will be able to lower costs on the level of 20 yen per kilogram with the new facility compared to the existing facility and it will be tied to a strengthening of competitiveness.

Moreover, it will be able to produce basically the same quality of polystyrene as BASF because the company will employ the continuous polymerization method developed by BASF in its production method. For this reason, if Japanese users shift to overseas production in the future, it will be easy to switch suppliers from Denki Kagaku to the overseas plants of BASF.

Combined with affiliated companies, the company has polystyrene production capability following Asahi Chemical Industry and Mitsubishi Kasei in Japan with about 167,000 tons. While strong in the general product class used in sundries, Denki Kagaku has been using sequential production facilities with poor efficiency where continuous processing of high-grade product classes is impossible, and renovation of facilities had become an issue. Initially, it had calculated that an investment of over 2 billion yen would be necessary for facilities renovation, but it ventured into renovation because it was able to reduce the investment greatly by lowering the price of materials. When the new facility is operational, the policy will be to shut down or scrap existing facilities for that portion.

Response to Global Environment Standards Viewed

942A0543A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 2 Aug 94 p 2

[Article by Koshiro Kawai]

[Text] A move to introduce environmental audits of corporations is straying off course due to opposition by Europe and the United States concerning standardization of international environment standards. While concern has come out that two standards will be superfluous, the position of Japan, which has not been identified, also has begun to be questioned. In Japan, the response has been divided with the electrical machinery industry preparing to establish an institution to deal with European standards and auditing corporations embarking on related business on the one hand, and other industries and medium and small enterprises having shown a negative attitude. The task due to the newest move concerning environmental audits has been to search for the future direction.

In the latter part of June, J.C. Stance, chairman of the Environment Audit Subcommittee of ISO (International

Organization for Standardization), visited Japan. At an environment audit seminar, the question came from a participant, "Are you not worried that the international standards for the environment will be divided into two, EU (European Union) standards and ISO standards?"

The creation of "international environment standards" is proceeding at ISO. The environment management and audit system in this has been scheduled to go into effect in June 1995. However, the final draft was supposed to have been compiled by the Technology Committee "TC207 (Environment Management)" that was held on the Gold Coast of Australia in May, but a postponement was unavoidable due to opposition by Europe and the United States, and the outlook is for effectuation to be slipped to January 1996.

The EU will be located within the region starting April 1995, and will put in effect the independent standards "EMAS (Environment Management and Auditing Summary)" which targets firms that export products to the EU region. They will be ahead of the ISO standards, but it had been believed that the details of EMAS would be incorporated in ISO and as a result be standards conforming to ISO. However, it has become difficult due to opposition by the United States and others. The question by the seminar participant showed concern that the "EU will veer away from ISO and they will make international standards independent of EMAS."

The content of European and U.S. opposition surrounds the details of the attached documents to the environment management system which will be the framework of the standards. In the original draft of the environment management system, it only urged the introduction of environment management systems in corporations. The standards also only show a management flow process such as establishment of policy, establishment of an organization, and evaluation of environmental influence (assessment).

EU forces insisted on a clear statement in the attached documents on conformity with EMAS in construction of an environment management system and specific required items when conducting the audit such as reduction of noise inside and outside plants and goals for energy economization. This was because of the concern that "they would end being standards that were just a writing exercise for corporations."

On the other hand, the United States and others are opposed, saying that "They should leave room for the discretion of the corporation." In the United States, many lawsuits are entangled with the environment and in the background is fear that responsibility in court for compensation will inevitably be brought to question when demands cannot be achieved. There also is distrust that "Strict EU standards will be a nontariff obstacle hindering participation by foreign firms."

Chairman Stance is scheduled to propose a compromise draft at the working subcommittee meeting to be held in

Vienna in September that "There is no requirement to state clearly specific items in the attached documents and they will be only a sample." However, it seems that U.S. forces will not accept it because once it becomes a document, it becomes an established fact.

Expectations are great that in the end there will be ISO standards close to the position of the United States by majority decision. In that case, there is a high possibility that the EU will not accept them and make EMAS independent.

"There also is the side aspect that a trade war with the environment as the medium is being promoted by ISO" (Mitsubishi Electric).

"They are no more than standards for companies who want to participate voluntarily" (Japan Iron and Steel Federation).

"International standards always will be emasculated in content due to the opposition of various countries" (Ministry of International Trade and Industry, Agency of Industrial Science and Technology),

There also are cool opinions about creation of "international environment standards" in Japan. However, the effect on Japanese firms due to superfluous standards will be great and it will especially affect business in the EU market.

Since Japan has taken the stand of conforming to ISO standards, domestic provision has run parallel and been delayed, and it will be difficult for Japanese firms to acquire EMAS at the start of April 1995. Even if a domestic certification agency is created conforming to ISO, the possibility is high that the EU will not recognize it. Companies are free to acquire EMAS, but it is anticipated that there will be an influence on product sales and government procurement insofar as environment awareness of consumers is high in the EU.

In Japan, there are many issues embracing even standardization dealing with ISO. There also is a possibility of a further lag due to ISO. The outlook had been that the ISO standard certification agency would be the "Japan Quality System Audit Registration Authorization Association (JAB)," but it is only barely prepared to deal with the "ISO 9000 series" of international quality standards. Moreover, there also are industries showing resistance to outside audit and information disclosure, saying "Is there a need to apply it even to firms which are doing nothing bad to the environment?" (Iron and Steel Federation). It seems it will take time to create an organization and form a consensus.

There also is a strong atmosphere of "nonchalance" among firms in Japan who have little dealing with the EU market. However, the trend of outside audit and information disclosure cannot be avoided even by the lenient standards of ISO. While the United States is criticizing EU standards as strict, many firms in the country are preparing an audit system to deal with

environment-related law suits. There has been no change in the demand for a Japanese independent environment preservation system which is unrelated to ISO moves.

EA Says Achieving Emissions Levels Difficult

942A0544A Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Aug 94 p 30

[Text] It was revealed from the draft of a report based on the climate fluctuation framework treaty which the Environment Agency (EA) published on 1 August that the total amount of emissions of carbon dioxide (CO₂), which is said to be a major cause of global warming, in Japan will rise to about 330 million tons (carbon conversion) in fiscal 2000. This amount exceeds by about 3 percent the record for fiscal 1990. Continuing this way, it is considered that the goal indicated in the global warming prevention action plan cannot be achieved. The EA sees that strengthening of warming prevention countermeasures, including a study of economic measures such as introduction of an environment tax (carbon tax), is indispensable.

The climate fluctuation framework treaty went into effect in March this year with prevention of global warming as the objective, and each country is requested to report on the actual situation and future forecast of hot house effect gas emissions and policy to curb emissions. That published by EA is the draft report which the Japanese Government will submit to the treaty executive office.

According to this, it is estimated that the annual amount of CO₂ emissions per person in the nation in fiscal 2000 will be about 2.6 tons, only a slight increase of 0.4 percent compared to the fiscal 1990 record. However, the total amount of emissions will reach about 330 million tons annually in fiscal 2000 despite devising all kinds of energy-saving measures which were woven into the "Long-Term Energy Supply and Demand Outlook" compiled by the Agency of Natural Resources and Energy in June, indicating the prospect of a 3.1-percent increase compared to fiscal 1990. It appears the population increase portion has been all piling up.

Moreover, it is forecasted that the total amount of the annual emission in fiscal 2000 of nitrous oxide (N₂O), which is considered to have a warming effect 300 times that of CO₂, will be 52,000 tons, an 8.3-percent increase compared to the fiscal 1990 record. Methane, which is generated from buried waste matter and domestic animal excrement, is expected to decrease due to waste matter reduction measures.

Yasuda Insurance Adopts Enviro-System

942A0542A Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Aug 94 p 7

[Text] Yasuda Fire and Marine Insurance has introduced an "environment management system" that can be linked to improvement in operations by periodically

checking effects that corporate activities have on the environment. It specifically sets numerical targets for seven items linked to energy saving and resource saving such as reduction of the amount of paper used, and conducts an internal inspection on whether those goals have been achieved after a set period. The introduction of environment management systems are not just in the manufacturing industry, but also have begun to spread to the financial world.

It is the Information System headquarters of Yasuda Fire in Hoya City, Tokyo Prefecture, that has introduced this system. It has set seven numerical targets such as 1) a 3-percent reduction from the previous year in the amount of energy used such as electric power and gas, and 2) a 10-percent reduction from the previous year in the amount of paper used. The Environmental Countermeasures Office of the company will conduct an inspection at the end of fiscal 1995 and present a compiled report on the degree of achievement to the officers in charge. If it proceeds according to the goals, estimates are that expenses will be reduced about 5 percent.

Since the target values such as the amount of paper used basically will continue for several years, it is not merely an economization through a set period and the company is pressing for reviews, such as elimination of business waste. A similar system will be introduced within the year in the Kanagawa Prefecture and other district business headquarters, and it will start in the base buildings nationwide in fiscal 1995.

Environment management systems have already become full-scale in Britain and creation of international standards is proceeding at the International Organization for Standardization (ISO).

MHI Completing Industrial Waste Incinerators

942A0550A Tokyo NIKKAN KOGYO SHIMBUN in Japanese 22 Jul 94 p 12

[Text] Mitsubishi Heavy Industries [MHI] (Kentaro Aikawa, president) will embark on full-scale activity to obtain orders for industrial waste incineration plants, taking advantage of the completion in August of the demonstration incinerators that are being built at the Kanazawa plant of Yokohama Seisakusho for the industrial waste incineration process.

Next-generation city garbage disposal equipment and a high-efficiency garbage power-generation test plant will be built in succession at the plant. Moreover, a related research unit will also be located there and it will realize the function of an environment equipment development center. Various kinds of garbage will be collected at the industrial waste demonstration incinerators and incineration know-how will be accumulated at the same time as they demonstrate the effectiveness of incineration processing.

By this, it will rapidly have a 10 billion yen share in the industrial waste incineration plant business and aim to

obtain orders for 20 billion yen in fiscal 1997. MHI is top class in city garbage-incineration equipment, but industrial waste incineration plants have been on a scale of at most 2 billion to 3 billion yen annually. However, difficulty in securing fill sites and safety in disposal have become social problems for industrial waste and expanded demand for incineration processing is anticipated in the future.

Therefore, MHI has decided to build demonstration incinerators at the Kanazawa plant (Yokohama city) and make the business full-scale. The demonstration incinerators that will be completed in August are of two types, a fluid bed incinerator with processing capacity of 500 kilograms an hour and a small rotary kiln incineration system.

These two incinerators will demonstrate the incineration of industrial waste produced by various industries and the possibility of treating industrial waste with any property—such as liquid, solid or sludge—and propose the optimum system for each customer, including simultaneous incineration or the use of heat and pollution countermeasures.

For the demonstration plant at the Kanazawa plant, MHI anticipates construction of a test plant not just for industrial waste but also next-generation city garbage-disposal equipment and high-efficiency garbage power generation, are designing the layout and gas exhaust treatment system, and the plan is to build these in succession.

Particularly for the high-efficiency garbage power generation, it is considering new materials and a new concept system that can raise the steam temperature and pressure and improve power generation efficiency more than existing garbage power generation.

Moreover, currently, the research unit on environment equipment has been at the Yokohama Research Center of the Technology Division within the Yokohama Seisakusho Honmoku plant, but in December, 75 people in the Environment Equipment Promotion Research Office at the Yokohama Research Center will move to the Technology Building under construction in the Kanazawa plant.

MHI is also studying the move of environment-related plants at the Honmoku plant such as the ash fusion incinerator in the future, and will concentrate and strengthen at the Kanazawa plant the development function in the environment equipment field.

Ministry Report Notes Amusement Industry Growth

OW1708045494 Tokyo KYODO in English 0325 GMT 17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—Japan's amusement industry market will grow at an annual average of 5 percent toward the next century and surpass 1 trillion

yen in 2010 if the government helps, according to a report compiled by a Trade Ministry study panel.

The panel forecast the combined market of conventional amusement parks and theme parks will reach 653 billion yen in 2000 and 1,064 billion yen in 2010, marking an average annual growth of 5 percent from 421 billion yen in 1993.

In order for the market to grow as forecast, the government should introduce tax incentives and deregulatory measures in the amusement industry, said the report, a copy of which was obtained by KYODO NEWS SERVICE on Wednesday [17 August].

The report cites simplification of import procedures for amusement equipment and relaxation of safety standards for electrical appliances as deregulatory steps.

Tax breaks and low-interest loans should be provided to amusement park operators investing in new technology such as computer graphics, the report said.

Ministry Cites Rice Growth, 'Dry Spell' Damage

OW1208043494 Tokyo KYODO in English 0244 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Rice was growing earlier than usual in the hot weather but drought has caused damage in some parts of the country, the Agricultural Ministry reported Friday [12 August].

The Ministry of Agriculture, Forestry and Fisheries said rice growth was three to 12 days earlier than usual as of Aug. 1.

The ministry, however, said a long dry spell has damaged rice plants in parts of Hokuriku, Tokai, Kinki, Shikoku and Chugoku areas.

Rice plants were ripening satisfactorily in other areas, the ministry said.

Ministry officials expressed concern that the dry spell might extend damage to other parts of the country.

North Korea

Further on Kang Sok-chu 13 Aug Geneva Interview

SK1708132994 Pyongyang Korean Central Broadcasting Network in Korean 1212 GMT 17 Aug 94

[Report on interview with Kang Sok-chu, first vice foreign minister and head of the DPRK delegation to the DPRK-U.S. talks, by THE WASHINGTON POST, REUTERS, YOMIURI SHIMBUN, and NHK Broadcasting in Geneva on 13 August]

[Text] Kang Sok-chu, first vice foreign minister and head of the DPRK delegation, was interviewed by reporters of

THE WASHINGTON POST of the United States, REUTERS News Agency of Britain, and YOMIURI SHIMBUN and NHK Broadcasting of Japan in Geneva on 13 August.

Answering reporters' questions, he said the following: Our country's policies are consistent and unchangeable. From the first round of DPRK-U.S. talks held in June 1993 to the recently held third round of talks, proposals presented by our side have been consistent and there has not been any change [ilgwanhamyo kuotton pyonhwado opta].

Our side already presented the issue regarding light-water moderated reactors last year and the United States agreed on it.

In the past, the talks were not carried out appropriately and confrontations were repeated. This was caused by the lack of consistency [ilgwansongi omnunde kiin-doenda] in U.S. policies.

The United States, in the agreement announced at a New York contact on 25 February, said that the third round of DPRK-U.S. talks would be held from 22 March. However, the United States threatened us, its dialogue partner, with international pressure, such as the International Atomic Energy Agency [IAEA] resolution and the UN Security Council presidential statement.

In such an atmosphere, former U.S. President Carter visited our country last June. While receiving him, the great leader Comrade Kim Il-song clarified that the origin of the nuclear issue was the lack of trust between the DPRK and the United States and that trust could be formed if light-water moderated reactors were provided.

Thanks to the great leader's energetic efforts, the third round of DPRK-U.S. talks were resumed and today's statement of agreement was mapped out.

On the issue regarding the inheritance of our revolutionary cause, he said the following:

The great leader Comrade Kim Il-song has prepared the firm basis with which our revolutionary cause can be reliably inherited. This is the biggest achievement accomplished by our leader and the most precious legacy succeeded to our people. Accordingly, the policies and lines of the great leader are inherited as they stand.

At the head of our party, state, and Army today stands Comrade Kim Chong-il, the supreme commander of the Korean People's Army [KPA]. Comrade Kim Chong-il, supreme commander of the KPA, has since long ago led the overall work of the party, state, and Army as the successor to the revolutionary cause of the great leader Comrade Kim Il-song. He perfectly embodies the great leader's revolutionary idea, theory, and leadership methods, and precisely inherits all his traits. Therefore, there can never be any change in the future.

He said that the reunification of the country should be realized by a confederal system based on the three

principles—independence, peaceful reunification, and great national unity—put forth by the great leader Comrade Kim Il-song. He stressed that this is the most just and realistic reunification formula acceptable to everyone.

On the DPRK-U.S. talks, he stated: The talks started from the interests of both the DPRK and the United States. In March last year, we were compelled to announce the withdrawal from the treaty because of the U.S. policy of hostility toward Korea and the partiality of the IAEA.

Because we firmly believe the justness of our cause, we never turn to others under any circumstances, but think by our own brain and live in our own way. We are not those who will submit to anyone's pressure.

When the situation was extremely strained, the United States proposed that the nuclear issue be resolved through dialogue. Since our consistent position is to solve the problem through dialogue, we agreed to the U.S. proposal and went to the talks.

We have never admitted special inspection, but made it clear that we can never accept it [urinun imi tukppiyol sacharul injongdo haji anassumyo, cholttaero chopsuhalsu opttanungosul myongbaekhi hayotta]. We do not admit the term special inspection itself [tukppiyol sachar-iranun mal chachedo injonghaji annunda].

Nor was the term special inspection included in the statement of agreement. The offering of the light-water reactor and the special inspection can never be connected [kyongsuro chegonggwa tukppiyol sacharun cholttaero yongwandoelsu optta]. Special inspection is absolutely unacceptable, and it is the outcome of the partiality of the IAEA [tukppiyol sacharun chonman pudanghan kosimyo, kukje wonjaryok kiguui pulgongjongsongui sanmurida].

I make it clear once again that if confidence is built between the DPRK and the United States by the supply of the light-water reactor and the normalization of relations and if the IAEA's partiality is eliminated completely and our relations with the IAEA is normalized, we are prepared to ensure [pojang] nuclear transparency.

As to the issue of normalizing DPRK-Japanese relations, he stated: Whether the talks for the normalization of DPRK-Japanese relations are to be resumed and whether the talks are to make progress or not depends entirely on the attitude of the Japanese side. The last round of talks broke down because Japan put aside the basic issues to be resolved—the issue of liquidating the past and the issue of indemnification—and brought up the unjust preconditions having nothing to do with the talks, such as the nuclear issue and the issue of the Japanese. [sentence as heard]

If Japan is truly interested in improving DPRK-Japanese relations, they should revoke the unjust preconditions

completely and come to the talks for the normalization of DPRK-Japanese relations with a sincere attitude without any condition.

Delegation to Geneva Talks Returns to Pyongyang

*SK1708131794 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 17 Aug 94*

[Text] A delegation of our country led by First Vice Foreign Minister Kang Sok-chu, who participated in the third round of DPRK-U.S. talks in Geneva, arrived in Pyongyang by plane on 17 August. Vice Foreign Minister Choe U-chin greeted the delegation at the airport.

Spokesman on U.S. Comment on ROK Security Law

*SK1708024394 Pyongyang Korean Central
Broadcasting Network in Korean 0110 GMT 17 Aug 94*

[Answer by a spokesman of the DPRK Foreign Ministry to a question posed by a KCNA reporter concerning the U.S. State Department's special statement on the abolition of South Korea's National Security Law, dated 17 August, place not given—read by announcer]

[Text] As has been reported, the U.S. State Department announced a special statement [tukpyol songmyong] asserting that the South Korean National Security Law should be revised or abolished. I think this is a result of the U.S. State Department's concern [uryo] over the expanding human rights infringement in South Korea, and its joining in with international public opinion of the general public which is raising their voice against Kim Yong-sam's civilian fascist regime more than ever.

As the whole world knows, the South Korean National Security Law is a nondemocratic, antipeople, and antireunification fascist evil law that bans people from keeping their manners of human morality, and prohibits academic freedom, the right to select one's own ideology, and the sharing of affection for compatriots by fellow countrymen.

Today, when we are not in the middle ages but at the brink of the 21st century, South Korea is the only place in the world where such an evil law exists. Nevertheless, the South Korean authorities are unreasonably insisting that the National Security Law should remain intact due to the so-called situation of division. The South Korean authorities keep wielding the stick of the National Security Law with poor sophism while strengthening suppression on pro-reunification and democratic forces. This plainly shows their traitorous intention which cares not about the nation's reconciliation and unity, or the country's reunification, but perpetuates the country's division by aggravating confrontation between the North and the South.

Furthermore, the Kim Yong-sam clique is still using the National Security Law to commit fascist brutality

bloodily suppressing [yuhyoichoguro tanaphanun pasy-
ojok manhaeng] South Korean youths and students, and
patriotic people by mobilizing countless police forces,
armored cars for firing tear gas, and even helicopters.

Our people cannot resist the surging rage over the cruel
suppression on the masses, which would put Hitler in the
shade. The incumbent South Korean authorities should
know that if they continue to cling to the fascist suppres-
sion while appending their life lines [myonjurul kolgo]
on the National Security Law, they will not be able to
avoid the disastrous destiny of the preceding ruling
camps.

The international community should pay appropriate
attention to the current situation in South Korea, where
human rights are unsparingly infringed and obliterated
upon, and ensure that fascist evil laws such as the
National Security Law are abolished as soon as possible.

ROK's 'Atrocity of Suppression' Denounced

*SK1608135894 Pyongyang Korean Central
Broadcasting Network in Korean 0250 GMT 12 Aug 94*

[Unattributed talk: "Desperate Atrocity of Suppres-
sion"]

[Text] Copies of printed material denouncing the Kim
Yong-sam puppet regime's atrocity of suppression have
recently been circulating around colleges and universi-
ties. They read: "Look, Fellow Students! A cold wave of
new security-oriented rule is now gripping South Korea.
The fascist authorities who have suppressed youths,
students, and people from various walks of life from
expressing condolences on the death of President Kim
Il-song—the father of the nation—are now conducting a
daily wholesale roundup and are placing our numerous
fellow students behind prison bars."

The Kim Yong-sam clique's on-going maneuvers of
suppression far exceeds those of the Fifth and Sixth
Republics.

Fascist tyrants like Hitler and Tojo have existed in
human history. But there has never been such cases as
those of the Kim Yong-sam clique which has assaulted
incense-burning altars and arrested mourners.

The present regime, which was inaugurated under the
guise of a civilian government, is a matchlessly inhu-
mane and unethical fascist regime.

In fact, the anti-reunification, fascist tyranny of the Kim
Yong-sam puppet clique of South Korea reached its
climax today.

The Kim Yong-sam fascist clique has committed an
atrocity by turning down an application to have contacts
with North Korean residents—an application initiated
via a third country from the South's headquarters for the
Promotion of the Pannational Rally in order to have
contacts with the North's representatives and to bring

about the rally—while terming the 15 August panna-
tional rally a political event going beyond the boundaries
of a civil movement for reunification.

On the early morning of 6 August, they staged the farce
of conducting a search and seizure of Pusan National
University by inserting police troops into the school in
connection as a result of the copies of the newspaper on
the pannational rally which were distributed on its
campus. As a result, they took 12 students into custody.

Prior to this, the rascals put approximately 1,000 police
troops into Seoul University, thereby committing the
fascist atrocity of blocking the Fourth Grand Festival for
Reunification of youths and students.

At the moment, the leaders of the Democratic Liberal
Party and its oppressive organizations are issuing almost
daily orders that, with the approach of the pannational
rally, further increases the capability to investigate
public security-related issues and urges that vigilance not
be relaxed. Accordingly, a barbarous offensive of
scorched-earth tactics is being launched against all pro-
reunification and democratic forces, including those
following the chuche idea.

Behind the facade of the notorious National Security
Law, the Kim Yong-sam fascist clique has even com-
mitted inhuman, unethical acts of indiscriminately sup-
pressing people from various walks of life, as well as
youths and students in South Korea, for having
expressed condolences on Kim Il-song's death in various
places, and for trying to dispatch a condolence mission
to the North. This is a fact already known to the world.

The Kim Yong-sam puppet clique—which does not want
reunification, and which opposes the reconciliation and
unity of the nation—is frantically conducting a whole-
sale investigation into and roundup of Hanchongnyon
[the South Korean Federation of General Student Coun-
cils], which is a self-regulated organization of students,
as well as of youths and students who follow the chuche
idea; they term Hanchongnyon an organization bene-
fitting the enemy, and term those youths and students as
insidious forces under the preposterous pretext of the
so-called citizens' sentiments and the safeguarding of the
free democratic system.

The rascals have even raised a fuss in cooking up a
stratagem saying the National Salvation Vanguard—
which is called an underground organization of the
Workers' Party of Korea—is a behind-the-scenes wire
puller of labor unions and Hanchongnyon, thereby
launching a scorched-earth strategy against all activist
forces.

They are turning the whole of South Korea into a place
of prevailing suppression by bringing even rightist hoo-
ligans of the Society for Safeguarding Constitutional
Government [honjonghoe] and pro-government student
organizations into this reckless act of suppression.

The traitor Kim Yong-sam has even made anticommunist small fries, such as reactionary university presidents and members of the General League of Freedom, blow the tricky bugle of anticommunism aimed at harming pro-reunification and democratic forces as well as activists.

The Kim Yong-sam puppet clique has turned out in a wholesale confrontation against us, and in an undisguised fascist offensive against the pro-reunification and democratic forces in South Korea. This is a traitorous act that cannot be pardoned for ages to come, an act of opposing national reconciliation, dialogue, and reunification and an act of running toward confrontation, war, and division. This is a virtual declaration of martial law, a political coup d'état without gunshots aimed at straightening out the crisis in its ruling system—the crisis which has reached its limit—with a new security-oriented rule.

The Kim Yong-sam puppet clique of South Korea has created a bloodthirsty, security-oriented climate. This is a desperate scheme aimed at winning back the public mind, which is leaning toward the northern part of the republic; at getting rid of and obliterating the pro-reunification and democratic forces who are being strengthened and grow every day; and at maintaining its power, which is faced with a crisis.

The fascist maneuverings of anti-North confrontation and anticommunism by the Kim Yong-sam fascist clique are exposing once again to the world that the rascals are a group of fascists opposed to the nation and a group of separatists opposed to reunification. It also shows to the entire world that the Kim Yong-sam ring is nothing but a group of immoral and depraved hooligans, a group of scoundrels who have even abandoned all basic morality and ethics as well as traditional good manners and customs.

At the moment, South Korean youths, students, and people on campuses and at work sites are upholding the slogan "Oppose Kim Yong-sam, Overthrow the Civilian Government!"

The Kim Yong-sam puppet clique should clearly see that the more desperate it is in trying to maintain its power as the filth [omul] of the times, the sooner will its ruin come; it should immediately stop its reckless fascist frenzy.

Amnesty International on ROK's Rights Abuses

SK1608104394 Pyongyang KCNA in English
1014 GMT 16 Aug 94

[Text] Pyongyang, August 16 (KCNA)—The Amnesty International denounced the human rights abuses of the fascist clique in harshly suppressing South Korean professors and dissidents, a Seoul-based radio said.

The London-based organisation in a statement August 11 telegraphed to the foreign news agencies in Seoul

charged that the present "government" issued arrest warrants against the people involved in sending letters of condolence.

Noting that most of the arrested are students, the statement expressed concern over the investigation into non-violent activities for human rights.

The Amnesty International declared that in case the present "government" imprisons nine professors of Gyeongsang National University who are facing indictment for the university textbooks they wrote five years ago, it would define them as prisoners of conscience.

The organisation recalled that, in its report on human rights issued on July 30, it had expressed regret over the fact that the South Korean press had brought into bold relief the problem of the North, while deliberately ignoring the encroachment upon human rights in South Korea.

ROK Students Hold Rally Against Government

SK1308111094 Pyongyang KCNA in English
1043 GMT 13 Aug 94

[Text] Pyongyang, August 13 (KCNA)—Some 600 students affiliated with the South Korean Federation of General Student Councils (Hanchongnyon) held the second outdoor rally and an eve [as received] of students at the open-air theatre of Seoul National University on the night of August 11 in the teeth of repression by the fascist clique, a Seoul-based radio said.

At the rally, the students denounced the fascist clique for cracking down upon the student movement by barring rallies with "government" power and declared that they would force the functions till August 12 [date as received] as scheduled.

ROK Daily's Interview With Pak Po-hui Cited

SK1608060094 Pyongyang KCNA in English
0459 GMT 16 Aug 94

[“S. Korean Paper Carries Interview With Pak Po-hui”—KCNA headline]

[Text] Pyongyang, August 16 (KCNA)—SEOUL SINMUN of South Korea on July 24 carried an account of an interview with Pak Po-hui, former director of SEGYE ILBO, in Beijing, China. He visited the northern half of Korea to mourn the death of the great leader President Kim Il-song.

The paper wrote that Pak Po-hui expressed his highest respect and reverence for the great leader and Comrade Supreme Commander of the Korean People's Army, saying he would always call them respectfully "President Kim Il-song" and "Mr. Kim Chong-il" instead of "His Excellency".

It went on:

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He told that "Mr. Kim Chong-il thinks on a very large scale and deals with matters in a bold manner."

"Kim Chong-il's system is flawless and in a perfect order," he said. "I felt that things would be done very well in the future because he takes warm care of the first generation of the revolution and the determination of officials of new generation is steadfast," Pak added.

"I think," he said, "the DPRK-U.S. relations will take a favourable turn."

The paper quoted Pak as saying President Kim Il-song devoted his tireless efforts to the revolution and his sudden death was caused by heavy mental strains from his exceedingly energetic activities.

Remarks by ROK University President Denounced

*SK1408103794 Pyongyang KCNA in English
1021 GMT 14 Aug 94*

["Reckless Remark of Venal Educator"—KCNA headline]

[Text] Pyongyang, August 14 (KCNA)—Pak Hong, president of Sogang University in South Korea, in a "special lecture" in Los Angeles on August 12 poured out a spate of venomous words that the students of the *chuche* idea study group are "forces of evil disguised as good or a gang sympathetic with them".

This is a malicious slander at and intolerable insult to the students who study the *chuche* idea.

By branding students, who advocate, study and disseminate the *chuche* idea, a torchlight of national independence and banner of hewing out their destinies, as "forces of evil", the puppets fully revealed their sinister intention to do away with them at any cost.

It is all the more serious that the venal president attempted to make a groundless charge against their movement as a "scheme to reunify the country through communisation".

This is a dastardly ruse to find a pretext for suppressing these students who are paving the way of independence, democracy and reunification.

It is needless to say that the criminal act of Pak Hong was manipulated by the Kim Yong-sam group behind the scene.

The Kim Yong-sam group tries to find a way out its position driven to dilemma at home and abroad because of its inhuman, anti-national and anti-reunification acts by suppressing in a more intelligent way the followers of the *chuche* idea and pro-reunification patriotic forces.

This is, however, a foolish act.

The people will certainly bring down a sledge hammer on the head of the Kim Yong-sam group who brings misfortunes to the nation.

'Defector' Ko Sang-mun Interviewed 15 Aug

*SK1708084794 Pyongyang Korean Central
Broadcasting Network in Korean 0800 GMT 16 Aug 94*

[Text] Researcher Ko Sang-mun, a defector who is devoting himself to scientific research while enjoying a happy life in the benevolent embrace of the Republic, gave an interview to reporters on 15 August. He said that when he met reporters the previous time, he could not say everything he wanted to because he was expressing his condolences at the leader's [suryongnim] statue at that time, one month after the fatherly leader [suryongnim] passed away. He said this was why he called another news conference today.

He said he could not but express his anger over the fact that the South Korean authorities insisted that those who defected to the northern half of the Republic were kidnapped or that they were being persecuted in the North.

He said: I am a defector who, disillusioned with South Korean society, voluntarily entered the embrace of the Republic. When I attended high school, I could not bring my lunch with me because my family was poor. Moreover, South Korea was a living hell where bastards of the [South Korean] Central Intelligence Agency [KCIA], which is now called the Agency for National Security Planning, reigned supreme and arrested and killed anyone who was not to their liking.

Kim Song-kon, president of Ssangyong, who was an older brother of my mother-in-law, was killed by KCIA bastards. I detested the KCIA and spat at South Korean society. Living in that society was more painful than death.

The three-point principle on the fatherland's reunification was released in the early seventies. Then, I realized that the respected and beloved leader President Kim Il-song was our nation's great leader [yongsu] and had an urge to live in the embrace of the leader [suryongnim]. I secretly listened to radio of the Republic, read books circulating (?on campuses), studied the political system of the Republic, and, thus, had a better understanding of the happy lives of the people in the North. I decided to go to the North at all costs and waited for an opportunity.

I once told my students that the northern half of the Republic was a place where everyone was equally leading a happy life, where there is no gap between rich and poor, and where students had free education until the university level. For this reason, I was taken to the KCIA. At that time, I was not afraid of death; I was angry over the thought that I might meet with the end of my life without realizing my determination to go to the Republic, a determination I made by realizing truths.

Then, one day, Choe Chong-uk, an agent of Bureau No. 3 of the KCIA, told me that my crime was grave, that I would serve a life sentence, and that my only way out was to serve as their spy.

I pretended to accept his demand because I thought that once I was set free, winning their confidence, I might find a way to realize my defection to the North.

At one time, he asked what I thought of going overseas to study. As I had been trying to find a good opportunity to go overseas and realize my dream of going to the North, I earnestly asked him to send me overseas. Afterward, once a week he took me to the basement of a tearoom in Chongno and gave me so-called education and training. He asked me to go to the Netherlands as a student with UNESCO scholarships and receive instructions from Kim Kum-pok there.

Then, I went to the Netherlands and enrolled in the geomorphology course of the International Engineering Institute of Earth Science and Remote Control. A man named Kim Kum-pok had arrived there before me. Officially, he was a major of the puppet Army headquarters, and his original position was an agent of a KCIA detachment. He was registered as a postgraduate at the aerial photo survey course of the institute. There, I was taught the ropes of operations and was trained on infiltration into the North by Kim Kum-pok and Yi Chong-in, a KCIA operative.

The bastards showed me films of the North and gave lectures about things I should be careful about in the North. After examining my readiness, the bastards finally gave me a mission I should fulfill in the North.

My mission was to harass popular sentiments and build an organization. It was also to contact people and spread rumors, win the hearts of dissatisfied elements and form secret organizations, and go in hiding until further instructions.

Around 10:00 a.m. on 16 April 1979, I rode on a train from Netherlands to Copenhagen, Denmark, being seen off by Kim Kum-pok. On the script written by the bastards, I went to the embassy of the Republic in a European country and sought refugee, and thus I could come to the bosom of the Republic, which I had longed for even in my dreams.

As soon as I entered the Republic, I broke with the KCIA and surrendered myself to justice at a competent organ of the Republic. The Republic forgave my past, making a clean sheet of it, and opened a way for my rebirth.

I could start a genuine life under the good system, which has excellently embodied the great leader's idea for serving people like the heaven, and under which everyone fully enjoys their happy lives as the master of the country.

I am now studying the geomorphology of our country at a geography research institute. I have published many valuable papers and have been highly appreciated for them.

As I mentioned above, my defection was out of the impulse of my conscience longing for the Republic, and

I entered the Republic on my own volition to find a way of my life. Who can claim I was kidnapped? Furthermore, the KCIA forced me to infiltrate into the North, asking me to commit crimes as a spy. How on earth can it be an abduction?

The South Korean puppets are alleging that I was kidnapped after letting me cross over into the North in a planned way. Is it not clear that they fabricated this drama?

Then, researcher Ko Sang-mun answered questions posed by reporters. He said:

The South Korean authorities are making a stir, talking about violations of defectors' human rights, and the like. However, their allegation that those who defected to the North of their own accord were kidnapped by the North, which brought a false, dishonorable name to them, is a disgrace to their human rights.

He apologized for the fact that he was unable to accede actively to a news conference requested by reporters because he was busy with scientific research activities in the past, and continued:

How can I repay the party and the fatherland? I thought the answer is that I will make a greater success in studying geomorphology. Moreover, I thought I also have to do something when our people's burning loyalty and will to uphold dear leader Comrade Kim Chong-il, our destiny, even more highly by converting their sorrow and grief of losing the father of the nation into strength and courage. Thus, I concentrated on achieving results in my research activities by visiting various places of the country. This was why I could not meet reporters' demands. In addition, I unwillingly avoided reporters because I did not want to reveal to the public the fact that I was assigned to a spy mission as I regarded it as a disgrace.

Today, however, I wanted to have a news conference and reveal my past because I could no longer bear it, recognizing that my problem does not only affect me, but affects the dignity of the Republic, which is the nest of the defectors. Therefore, I decided to reveal my past to defect to the Republic and to expose the bastards' crimes to the world.

Researcher Ko Sang-mun revealed that according to a plot schemed by the Agency for National Security Planning, the Kim Yong-sam clique itself is insisting that we defectors were kidnapped by the North. He then continued:

Although Kim Yong-sam is making any evil rumor, alleging that we defectors were kidnapped and persecuted, no one will take it seriously. No matter what plots they may scheme, they can never evade a stern judgment, branded by the nation and the world as degenerate barbarians [paeryun paepoga yamanin].

Daily Urges Overthrow of Kim Yong-sam 'Group'

*SK1708060294 Pyongyang KCNA in English
0419 GMT 17 Aug 94*

["Anti-Reunification Group Must Be Overthrown"—KCNA headline]

[Text] Pyongyang, August 17 (KCNA)—The Kim Yong-sam anti-reunification group that committed a fascist act by bloodily suppressing the 5th Pan-National Rally [PNR] (Seoul) must be overthrown, stresses NODONG SINMUN today.

The news analyst says:

When students and dissidents opened the 5th PNR Sunday night, defying blockade and suppression, the fascist clique raided Seoul National University, the venue of the rally, hurling 10,000 police led by teargas launching vehicles into the university.

When the closing ceremony of the rally was taking place in the daytime of Monday, the Kim Yong-sam fascist clique mobilised 10,000 riot police and sprayed four tons of liquefied teargas from five helicopters on the place of the rally to disperse the ralliers, thus turning the place into a war theatre.

In view of its method and ferocity, the Kim Yong-sam group's crackdown was a replica of the 1980 Kwangju bloodbath in which thousands of guiltless people were killed.

Why do they incriminate the pan-national rally and the ralliers? The PNR is not a rally for supporting or opposing any side and system. As the name shows, the PNR is a grand reunification festival reflecting the common will of the nation to reunify the country with its concerted efforts.

By incriminating and brutally suppressing the PNR, the South Korean rulers fully revealed their true colour as a group of "civilian" fascists ignorant of the country, the nation and politics and a group of anti-reunification separatists who have no intention to achieve national reconciliation, unity and reunification.

The fact that such a human reject forsaken by the nation as the traitor Kim Yong-sam is alive in South Korea is a shame and misfortune to the South Korean people.

The South Korean students and people are aware that with Kim Yong-sam the gangster left alone, they can neither achieve independence, democracy and reunification nor evade such bloodbath as today. They will rise up as one man and certainly bring the fascist dictator to the tribunal of history.

Reportage on Pannational Rallies Continues

'Harsh Suppression' of Seoul Rally

*SK1608060394 Pyongyang KCNA in English
0505 GMT 16 Aug 94*

["5th PNR (Seoul) Closes in Teeth of Outrages of Fascist Clique"—KCNA headline]

[Text] Pyongyang, August 16 (KCNA)—The closing ceremony of the 5th Pan-National Rally (Seoul) was held at Seoul National University on Monday, with 17,000 dissidents, students and workers in attendance, a radio report from Seoul said.

The Kim Yong-sam fascist clique mobilised more than 10,000 riot police in brutal suppression. Twenty minutes after the beginning of the closing ceremony, five helicopters sprayed four tons of tear liquid over the place of the rally.

The ralliers held the closing ceremony briefly in face of the harsh suppression.

With towering resentment at the brutal crackdown by the gang of murderers, they adopted a resolution strongly urging an immediate stop to the suppression of the nongovernmental reunification movement.

The participants would reportedly go to different parts of the city after the rally and conduct propaganda activities to inform the citizens of the results of the rally.

The Kim Yong-sam fascist group of most heinous anti-national, anti-reunification elements posted 20,000 police of 170 companies in every part of the city, including 71 combat police companies around Seoul National University, to bar the ralliers from taking to the streets.

Prior to the closing ceremony, the South side headquarters for the promotion of the Pan-National Rally held a press conference, where it bitterly denounced the authorities for totally blocking the Pan-National Rally by invoking the "National Security Law" against the peaceful civilian reunification movement, branded it as an anti-national act causing a doubt about the authorities' will for reunification, and declared it would continue to strive for great national unity.

South Koreans in Japan Comment

*SK1308114394 Pyongyang KCNA in English
1118 GMT 13 Aug 94*

[Text] Tokyo, August 12 [date as received] (KNS-KCNA)—The Federation of South Koreans in Japan for Democracy and Unification (Hantongnyon) published a statement Thursday criticizing the repression of the fifth pan-national rally [PNR] by the Kim Yong-sam regime.

Charging that the Kim Yong-sam fascist clique has decided to block the PNR at its initial stage and launched a brutal suppressive campaign against those involved in it after creating "a situation of new security-oriented rule", the statement said:

"What the Kim Yong-sam regime seeks in creating the 'situation of new security-oriented rule' is to wreck the movement for the nation and democracy by 'uprooting' the organizations of students, labor movement, peasants and reunification movement. This fully reveals the anti-democracy and anti-national attribute of it which does

not pay heed to human reason and rights, national reconciliation and reunification but considers only the interests of the conservative forces with vested rights.

"The Kim Yong-sam regime is trying to get out of the crisis by strong-arm suppression. But no repression can block the advancement of the movement for national independence. They must be mindful that those who repress the people certainly face a judgement by history.

The statement urged the South Korean authorities to promptly release the arrested pro-reunification figures, stop suppression of the PNR, scrap the "National Security Law" and ensure the freedom of the reunification movement.

South Side Letter Supports Rally

*SK1408103294 Pyongyang KCNA in English
1009 GMT 14 Aug 94*

[Text] Pyongyang, August 14 (KCNA)—The South side headquarters for the promotion of the pan-national rally sent an open letter concerning the 5th pan-national rally (PNR) to "Chongwadae" [presidential offices] on August 13 and urged it to allow the rally, a Seoul-based radio said.

The letter condemned the "government" for cracking down upon the PNR and blocking it in its initial stage though it was a civilian reunification movement.

It repeatedly clarified that the rally would be held peacefully and legitimately and strongly urged the traitor Kim Yong-sam to stop suppression.

Symposium 'Function' of Rally

*SK1408111094 Pyongyang KCNA in English
1048 GMT 14 Aug 94*

[Text] Pyongyang, August 14 (KCNA)—A grand symposium on national reunification, a function of the fifth pan-national rally, is going on at the People's Palace of Culture in Pyongyang.

The participants observed a moment's silence in memory of the great leader President Kim Il-song before the symposium.

Present at the symposium were Chairman Paek In-chun and delegates of the North side headquarters of the National Alliance for the Country's Reunification (Pomminnyon), delegates of the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), overseas Koreans staying here, and officials of political parties, organisations, science, education, literature and art, public health and the press.

The symposium proves the validity of the unique idea, theory and policy on national reunification which were put forward by President Kim Il-song, elaborates on his feats and profoundly debates on realizing his behests to

achieve the reunification in the 90s, holding the dear leader Comrade Kim Chong-il in high esteem.

Speeches Delivered at Symposium

*SK1408111194 Pyongyang KCNA in English
1102 GMT 14 Aug 94*

[Text] Pyongyang, August 14 (KCNA)—A grand seminar on national reunification was held at the People's Palace of Culture here today.

Prior to the opening of the seminar, the participants observed a silent tribute to the memory of the great leader President Kim Il-song.

Speeches were made on the subjects "The great leader Comrade Kim Il-song is the lodestar of national reunification," "The independent and peaceful formula of reunification through confederacy put forward by the great leader Comrade Kim Il-song and some questions arising in its materialization," "Historical significance of '10-point programme of the great unity of the whole nation for the Reunification of the country' laid down by the great leader Comrade Kim Il-song," "On the pseudo unification doctrine of the Kim Yong-sam regime," "'The National Security Law' must be scrapped at an early date in South Korea" and "Let us fulfil the behests of the great leader for reunification in the '90s, holding in high esteem respected General Kim Chong-il, the lodestar of national reunification."

The speakers said the respected leader Comrade Kim Il-song with brilliant intelligence, outstanding leadership and noble virtues was a paragon of great revolutionaries who devotedly fought to dispel the misfortune of national split caused by outside forces and the lodestar of national reunification that opened a bright prospect of reunification by powerfully arousing the 70 million fellow countrymen in the struggle for this goal.

They said he formulated the question of national reunification as matters of putting an end to outside forces' domination and interference, achieving the full sovereignty of the Korean nation, removing distrust and confrontation between the North and the South and winning national unity and systematized the main line of national reunification, which is the guideline for their solution, in three programmes—the three principles of national reunification, the 10-point programme of the great unity of the whole nation for the reunification of the country and the formula of founding a confederal state and its ten-point policy.

The speakers noted that "10-point programme of the great unity of the whole nation for the reunification of the country" is a great programme for national unity which could be put forward only by Comrade Kim Il-song, who embraced all people of all strata differing in ideology and idea, political view and religious belief and led them to rebirth with noble virtues.

They said the proposal for founding the Democratic Confederal Republic of Koryo is a peaceful reunification formula presupposing that neither side conquers the other or is conquered, a proposal for reunifying the country in a peaceful way with the North and the South recognizing and tolerating the other's idea and system.

They pointed out that what is important now for the Koreans in carrying the formula into practice is to frustrate the Kim Yong-sam regime's policy of dependence on the United States and Japan and its flunkeyist and traitorous policy, get the institutional mechanisms designed to indefinitely maintain North-South confrontation and division, particularly the anti-reunification laws such as "the National Security Law," abolished in South Korea, realise the democratisation of the South Korean society and create an atmosphere of peaceful reunification.

Recalling that Kim Yong-sam has brought forward "three fundamentals of the unification policy," "three-stage unification doctrine" and "immediate policy of unification" under the label of "a new unification policy," the speakers said they are a pseudo concept of unification disguised and embellished in a crafty way and a theory of division and confrontation harmful to the peace and reunification of the Korean peninsula.

The speakers elaborated on tasks to fulfil the behests of the great leader for reunification.

They said respected General Kim Chong-il is the father of the nation revered by the 70 million fellow countrymen, the great lodestar of national reunification and the great leader of the nation who fully personifies President Kim Il-song's idea of national independence and his patriotic spirit and is more faithful than any others to the revolutionary cause of *chuche*, the cause of national reunification started by him.

They stressed that to achieve national reunification in the '90s at any cost is the unshakable will and resolution of respected General Kim Chong-il, who is determined to fulfil without fail the behests of the fatherly leader for reunification.

They noted that if the Korean nation is to reunify the country in the '90s, it must follow with more intense loyalty the leadership of General Kim Chong-il, who is carrying forward the cause of national reunification started by the fatherly leader, and thoroughly implement "10-point programme of the great unity of the whole nation for the reunification of the country," a great programme for national reunification laid down by the fatherly leader.

Pomminnyon Delegate Gives Speech

SK1608052794 Pyongyang KCNA in English
0421 GMT 16 Aug 94

[Text] Pyongyang, August 15 (KCNA)—Yang Tong-min, chairman of the Japan regional headquarters of the

National Alliance for the Country's Reunification (Pomminnyon), who is heading the delegation of the overseas headquarters of Pomminnyon, made a solidarity address at the 5th Pan-National Rally for peace and reunification of the country held here today.

He reviewed the achievements made by the overseas headquarters over the last year and elaborated on the tasks to reunify the country in the 1990s.

He said:

"1995 is an important year for our nation.

"We will invigorate the nationwide movement for reunifying the country in the 1990s through great national unity.

"If the peace and reunification of the country are to be achieved through great national unity, the South Korean authorities' policy of confrontation with fellow countrymen and against the North must never be allowed.

"The overseas headquarters of Pomminnyon will more staunchly fight for the abolition of the 'National Security Law' and the unconditional and immediate release of all the illegally arrested pro-reunification patriots in South Korea.

"We will reject the unjustifiable interference of outside forces, maintain national independence and urge a package solution to the nuclear issue, fighting more vigorously for a durable peace in the country.

"We will intensify the movement to confirm the nation's common formula of reunification and expand mass support for reunification through confederation."

Yang Tong-min called for an uninterrupted advance to achieve reunification in the 1990s under the banner of Pomminnyon.

Kim Yong-sun at Culture Evening

SK1608051794 Pyongyang KCNA in English
0408 GMT 16 Aug 94

[Text] Pyongyang, August 15 (KCNA)—An evening of culture for reunification took place here today within the framework of the Fifth Pan-National Rally for peace and reunification in the country.

Present there were Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea and chairman of the Reunification Policy Committee of the Supreme People's Assembly, delegates of the North side headquarters of Pomminnyon [Pannational Alliance for the Country's Reunification] and Pomchonghangnyon [National Alliance of Youth and Students for the Country's Reunification] and delegates of overseas headquarters in different regions including Yang Tong-min, chairman of the Japan regional headquarters of Pomminnyon, who is heading the delegation of the overseas headquarters of Pomminnyon.

Speeches were made by chairman of the North side headquarters Paek In-chun and vice-chairman of the Canada regional headquarters of Pomminnyon Song Yong-chip on behalf of the overseas side.

The speakers said that the adoption of inspiring documents for great national unity and reunification jointly in the North, the South and overseas powerfully demonstrated at home and abroad the iron will and unshakable determination of the 70 million fellow countrymen to accomplish the cause of national reunification in the 90s without fail by the internal force of our nation.

They stressed that though President Kim Il-song, the father of the nation, parted with our people, they will certainly accomplish the cause of national reunification so earnestly desired by the fatherly leader, by uniting in one mind around the great leader Comrade Kim Chong-il, the greatest of the great men and the most brilliant among the brilliant commanders, remaining loyalty and filial to him.

Then followed speeches expressing resolution.

Pannational Rally Held in Tokyo

*SK1608061194 Pyongyang KCNA in English
0520 GMT 16 Aug 94*

[“Fifth PNR (Tokyo) Held”—KCNA headline]

[Text] Tokyo, August 15 (KNS-KCNA) [dateline as received]—The Fifth Pan-National Rally [PNR] (Tokyo) for peace and reunification of the country was held at the Asahi Seimei Hall in Tokyo, Japan, on August 15.

Present there were more than 1,000 delegates of the headquarters of Koreans in Japan, the European regional headquarters, the U.S. headquarters, the Canada regional headquarters, the headquarters of Koreans in China and the Japan regional headquarters of the National Alliance for the Country's Reunification (Pomminnyon).

Also present was a delegation of the North side headquarters of Pomminnyon.

The participants observed a moment's silence, expressing deepest sorrow at the death of the great leader President Kim Il-song.

So Man-sul, vice-chairman of the overseas headquarters of Pomminnyon, in his keynote report denounced the South Korean authorities for blocking the holding of the Fifth PNR in Seoul and running wild to stifle the pro-reunification patriotic forces.

He reviewed the achievements made by the overseas headquarters and regional headquarters of Pomminnyon in the activities in the past one year since the Fourth PNR to remove the danger of a nuclear war facing the Korean nation, ensure a durable peace and bring earlier the reunification of the country.

He stressed the need to make the present rally a decisive occasion in achieving the reunification in the 90s by uniting all the pro-reunification patriotic forces at home and abroad and thus honorably discharge the historical mission assumed by the overseas headquarters of Pomminnyon.

The overseas headquarters of Pomminnyon, he said, should wage a vigorous struggle to reject the unreasonable interference of outside forces, maintain the sovereignty of the nation and achieve a durable peace of the country, and should wage a nationwide movement to smash the moves of the anti-reunification forces for confrontation and division and realise the national reunification in the 90s at any cost through the great unity of the whole nation.

He stressed that an active movement should be conducted to expand the massive support to reunification by the confederacy formula and big efforts be directed to strengthening the Pomminnyon organisations to accelerate the great historical cause of national reunification.

Then speeches were made by delegates of the Japan regional headquarters, the U.S. headquarters, the European regional headquarters, the headquarters of Koreans in China, the Canada regional headquarters and the headquarters of Koreans in Japan of Pomminnyon, and the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon).

The rally adopted in unison a joint resolution, an appeal to the 70 million fellow countrymen, an appeal to the world peace-loving people and a letter to the U.S. President.

An “evening of reunification” took place at Keio Plaza Hotel in Tokyo.

‘Address of Encouragement’ Opens Unity Festival

*SK1408120094 Pyongyang KCNA in English
1124 GMT 14 Aug 94*

[Text] Pyongyang, August 14 (KCNA)—An address of encouragement came to the opening ceremonies of the 4th grand reunification festival of youth and students in North, South and overseas for independence, peaceful reunification and great national unity of the country in the North and overseas from the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) on Saturday.

The address said:

“We have honestly fought without forgetting the mission of reunifying the country in the 90s we have assumed before the times under the slogans ‘1995 as the year of national reunification!’ and ‘Let us reunify the country through confederation under the banner of Pomchonghangnyon!’

"It is self-evident that the fascist suppression under the 'new security-oriented rule' in South Korea is the last-ditch effort of the anti-reunification forces to prolong their days with division.

"The South side headquarters promises the members of the North side headquarters and the overseas headquarters that it will resolutely smash their anti-reunification plots to smithereens and open a new road to great national unity.

"We cannot hold today's grand reunification festival in one place due to the domestic and foreign separatist forces. But let us vigorously fight on so that all the youth and students in the North, the South and overseas may meet one another without feeling shame when the country is reunified."

Youth, Student Forum on Reunification Held

SK1408120194 Pyongyang KCNA in English
1138 GMT 14 Aug 94

["Forum of Youth and Students on National Reunification in the 90s"—KCNA headline]

[Text] Pyongyang, August 14 (KCNA)—A forum of youth and students on national reunification in the 90s was held at the Moranbong Youth Park open-air theatre in Pyongyang today under the sponsorship of the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon).

Present there were Ho Chang-chu, chairman of the North side headquarters of Pomchonghangnyon, delegates of the North side headquarters and the overseas headquarters of Pomchonghangnyon and youths and students in Pyongyang, more than 10,000 in all.

Invited to the forum were Paek In-chun, chairman of the North side headquarters of the National Alliance for the Country's Reunification (Pomminnyon), and delegates of the North side headquarters of Pomminnyon, the delegation of the overseas headquarters of Pomminnyon and overseas Koreans.

The participants observed a moment's silence in memory of President Kim Il-song, the great father of the nation, who devoted his all to the independent and peaceful reunification of the country.

Speeches were made by representatives of young people of various strata.

Speaking on behalf of young farmers, Kim Chong-hak said our young men and women are cherishing deep in their hearts the behests of the respected father Generalissimo Kim Il-song that the whole nation must achieve great unity for the independent and peaceful reunification of the country.

"The young people in the North, the South and overseas will turn out more vigorously in the struggle for national

reunification under the leadership of the great leader General Kim Chong-il, upholding the behests of the fatherly leader," he stated.

Won Kung-tan, speaking on behalf of students, in the name of the entire students in the northern half of the country, highly appreciated as a manifestation of noble patriotism the righteous patriotic struggle of the students under the South Korean Federation of General Student Councils (Hanchongnyon) to put an end to the colonial dependence system and fascist repressive system of South Korean society and the anti-reunification splittist system. "We will always stand firmly on the side of the South Korean students for independence, democracy and reunification and discharge our responsibility and role as brothers of the same nation and comrades-in-arms," she declared.

Representative of working youth, Kang yong chol in his speech said that the great idea of great national unity put forward by the great leader President Kim Il-song will always be kept in the hearts of the 70 million fellow countrymen. "We youth and students will accomplish in the 90s with the unity of the whole nation the cause of reunification which the great leader desired and to which he devoted tireless efforts, upholding the respected supreme commander Comrade Kim Chong-il," he said.

Hwang Yong-sik, acting co-chairman of the overseas headquarters of Pomchonghangnyon, in his speech branded the Kim Yong-sam regime's wholesale suppression of the reunification movement forces as one far outdistancing the preceding military dictators. No matter what frantic suppression the anti-reunification forces may resort to, they will never break the firm will of the 70 million Koreans for national reunification, he said, calling for expanding the joint struggle of youth and students in North, South and overseas under the banner of Pomchonghangnyon to reunify the country through confederation in the 90s.

Pak Sun-hui, speaking on behalf of young artists, said that the traitor Kim Yong-sam branded the South Korean Federation of General Student Councils (Hanchongnyon) which had led the functions of mourning over President Kim Il-song in South Korea as a "pro-communist organisation benefitting the enemy" and is madly suppressing this organisation. "It is an inhuman, anti-ethical and anti-national act of a wretch who is ignorant of morality, the trend of the time and the world, let alone politics," she said.

She demanded that the "civilian" fascist group ponder over the grave consequences to be entailed by the "anti-communist" and anti-reunification clamor challenging the desire of the fellow countrymen for reunification, unconditionally release the unreasonably arrested students and patriotic figures and immediately stop the fascist repressive offensive against Hanchongnyon.

Yun Kwang-taek, member of the Central Committee of the North side headquarters of Pomchonghangnyon, in

his speech said that at a time when the year 1995 which the entire fellow countrymen have set as the first year of reunification is drawing near, the Korean young people, whether they are in the North, South and abroad, must closely unite as one under the banner of Pomchonghangnyon to achieve the cause of national reunification. "We will actively support and encourage the South Korean students in their unyielding and brave struggle for independence, democracy and national reunification," he stated.

An address of encouragement from the South side headquarters of Pomchonghangnyon to the grand reunification festival of youth and students held in Pyongyang was conveyed to the forum.

Pomchonghangnyon Adopts Joint Resolution

*SK1608051494 Pyongyang KCNA in English
0404 GMT 16 Aug 94*

["Resolution on Tasks and Joint Struggle of Youth and Students in North, South and Overseas for Reunification in 1995"—KCNA headline]

[Text] Pyongyang, August 15 (KCNA)—A resolution on the tasks and the joint struggle of youth and students in the North, the South and overseas for national reunification in 1995 was adopted at the enlarged meeting of the Central Committee of the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification [Pomchonghangnyon] held here today.

In the resolution, the youth and students in the North, the South and overseas committed themselves to devote their youthful passion to reunifying the country in 1995 and building a unified confederal state promising co-existence and co-prosperity and a prosperous future.

"We youth and students will fight in the spirit of no retreat as the vanguard unit in fulfilling the tasks of achieving independence of the nation and peace and great national unity on the Korean peninsula," says the resolution.

"We young people," it continues, "must realise the replacement of the armistice agreement between the DPRK and the USA with a peace agreement, the denuclearisation of the Korean peninsula, the withdrawal of all foreign forces and the reduction of the military strength and disarmaments in the North and the South."

The youth and students must actively fight to achieve great national unity, an urgent task for the reunification of the country, and remove all legal and institutional barriers including the "National Security Law," it says.

They must strive for an agreement on and definition of a feasible way of reunification which can inspire all the fellow countrymen with hope and conviction and for its expansion nationwide, stresses the resolution.

This resolution was also adopted at the functions held in Seoul and Tokyo.

Pomchonghangnyon Meeting Held in Tokyo 14 Aug

*SK1608054894 Pyongyang KCNA in English
0455 GMT 16 Aug 94*

[Text] Tokyo, August 14 (KNS-KCNA) [dateline as received]—Overseas Korean youth and students met in Tokyo Sunday to open the fourth grand reunification festival of youth and students in the North, South and overseas for the independence and peaceful reunification of the country and great national unity and vow to struggle for the great unity of the nation and national reunification in 1995.

Present at the meeting were Co-Chairmen Pak Ku-ho and Kim Chang-o of the overseas headquarters, Vice-Chairman Kim Yong-to of the North side headquarters and a representative of the Chinese branch of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), Pomchonghangnyon delegates from the United States and Korean youth and students in Japan.

Secretary general Yim Min-sik of the overseas headquarters and Kim Kyong-su of the North side headquarters of the National Alliance for the Country's Reunification were present.

At the meeting Yim Min-sik made an address of solidarity, which was followed by a speech of Kim Yong-to.

And a message of encouragement from the South side headquarters of Pomchonghangnyon was read out.

Kim Chang-o in his report at the meeting said it is the invariable determination of compatriots in the North, South and overseas to make 1995 the year of reunification at any cost, regarding it a shame of the nation to keep division for more than half a century. He stressed that Pomchonghangnyon should stand in the van of the struggle for a nationwide agreement on reunification through confederacy and strengthen and develop itself.

The meeting was addressed by delegates from different regions.

'Unwarrantable' Suppression of Chongnyon Denounced

*SK1408102994 Pyongyang KCNA in English
1007 GMT 14 Aug 94*

[Text] Tokyo, August 12 [date as received] (KNS-KCNA)—Han Myong-sok, vice-chairman of the Osaka prefectural headquarters of the General Association of Korean Residents in Japan (Chongnyon), on August 11 released a statement denouncing the Japanese police authorities for sending "papers" pertaining to Chongnyon-related persons to the prosecutor's office on unwarrantable charges.

Recalling that the Osaka prefectural police let newspapers carry the false news that Chongnyon organisationally obstructed a rally slandering the DPRK in April before committing a wholesale political suppression of the Osaka prefectural organization of Chongnyon with the mobilisation of more than 1,400 policemen, the statement said:

The Osaka prefectural police suppression of Chongnyon was a premeditated plot of the police authorities which was hatched up as a part of the hostile policy toward the DPRK against the background of debate on "U.N. sanctions" on the pretext of "nuclear suspicion" and which was aimed at establishing a "prompt reaction system in case of emergency".

I, in the name of the entire Chongnyon officials and Korean residents in the prefecture, resolutely denounce the police authorities' racket about "sending papers to the prosecutor's office", considering it to be another grave challenge to our Chongnyon organisation and Koreans in Japan.

The Osaka prefectural police authorities must lend an ear to voices of protest and denunciation at home and abroad, admit the fault of their unwarrantable suppression and prevent the recurrence of such atrocities, Han Myong-sok stressed.

Chongnyon Delegation, Groups From Japan Arrive

SK1508045294 Pyongyang KCNA in English
0431 GMT 15 Aug 94

[Text] Pyongyang, August 15 (KCNA)—A scientific and technological delegation of the General Association of Korean Residents in Japan (Chongnyon) led by vice-chairman of the Scientific and Technological Association of Koreans in Japan Chu Hyon-ton, a home-visiting group of officials of the Central Educational Association of Koreans in Japan headed by its vice-chairman Chong Ku-il, a home-visiting group of the Union of Korean Students Studying at Japanese Schools led by vice-chairman of the Central Standing Committee of the Union Kim Hun, home-visiting groups of students of Korean University of Chongnyon respectively led by Chon Won-chi and Chang Pyong-kuk, a home-visiting group of Scientists of Chongnyon headed by Kim Kon-su, a home-visiting group of primary school children of Chongnyon led by Pak Yun-kyu and the 220th short-term home-visiting group of Korean residents in Japan arrived in Wonsan by the ship "Mangyongbong 92" Sunday to visit the socialist homeland.

Crimes of 'Japanese Imperialists' Exhibit Opens

SK1508081194 Pyongyang KCNA in English
0622 GMT 15 Aug 94

[Text] Pyongyang, August 15 (KCNA)—An exhibition of historical materials exposing the crimes committed by the Japanese imperialists against the Korean people in

the past opened here Sunday [14 August] upon the lapse of 49 years since Korea was liberated.

On display at the exhibition hall are materials showing that the Japanese imperialists started the aggression of Korea with the ship "Unyang" case in 1875 and further expanded it, completely occupying Korea by the method most shameless ever in the world history.

Also displayed there are materials exposing such unheard-of anti-ethical blackest crimes of the Japanese imperialists as brutally suppressing and killing many Korean people in the resistance against their aggression of Korea, forcibly drafting more than six million young and middle-aged Koreans for military service and slave labour, slaughtering more than one million Koreans and taking away nearly 200,000 Korean women as sex slaves.

Seen there are materials on fabulous resources taken by the Japanese imperialists to Japan from Korea moves to obliterate national culture, their vandalic scheme and moves for reinvasion and nuclear armament and just voices of progressive mankind of conscience urging the Japanese Government to make an apology for the Japan's past crimes.

The opening ceremony took place at the exhibition hall that day.

Papers Mark Independence Day of Pakistan

SK1408112094 Pyongyang KCNA in English
1105 GMT 14 Aug 94

[Text] Pyongyang, August 14 (KCNA)—Papers here today dedicate articles to the 47th anniversary of the independence of Pakistan.

The Pakistani people have made a progress in their efforts to consolidate the independence of the country and build a new society after the independence, says MINJU CHOSON in a by-lined article. It goes on;

Pakistan externally calls for establishing international order based on the principles of equality, justice, mutual respect and cooperation and is striving to develop friendly relations with different countries of the world including Asian countries.

Korea and Pakistan are both developing countries in Asia and the governments and peoples of the two countries have long established and developed bonds of friendship.

Expressing the belief that the excellent friendly and cooperative relations between Korea and Pakistan will grow stronger and develop, the Korean people wish the Pakistani people greater progress in their work to build a democratic and prosperous new Pakistan.

Meanwhile, NODONG SINMUN introduces economic development of Pakistan on this day.

Central People's Committee Sends Greetings

To Indonesian President Suharto

*SK1608111494 Pyongyang KCNA in English
1023 GMT 16 Aug 94*

[Text] Pyongyang, August 16 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea today sent a message of greetings to Indonesian President Suharto on the 49th anniversary of the independence of Indonesia.

The message wished the president and the people of Indonesia greater success in their work for the consolidation of national independence and the prosperity of the country.

The message said the excellent friendly and cooperative relations between two countries would continue to strengthen and develop in accordance with the idea of independence, peace, friendship and non-alignment.

To Gabonese President Bongo

*SK1608111794 Pyongyang KCNA in English
1021 GMT 16 Aug 94*

[Text] Pyongyang, August 16 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea today sent a message of greetings to Gabonese President El Hadj Omar Bongo on the 34th anniversary of the independence of Gabon.

The message wished the president and the people of Gabon success in the work for the promotion of national harmony and the prosperity of the country and expressed the belief that the friendly relations between two countries would develop on good terms.

To Congolese President Lissouba

*SK1408110794 Pyongyang KCNA in English
1045 GMT 14 Aug 94*

[Text] Pyongyang, August 14 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea sent a message of greetings Friday to Congolese President Pascal Lissouba on the occasion of the 34th anniversary of the national day of the Republic of the Congo.

The message wished the president and people of the Congo great success in the work for national unity and prosperity of the country and expressed the belief that friendly and cooperative relations between the two countries would further develop.

Peruvian Writer Describes DPRK in Travel Book

*SK1708103094 Pyongyang KCNA in English
1006 GMT 17 Aug 94*

[Text] Pyongyang, August 17 (KCNA)—The book "Visit to Wonderful Country" authored by a Peruvian writer, Mario Luna, was recently published in Peru.

It consists of 13 sections.

Written in the form of travelogue, the book says that the Democratic People's Republic of Korea is a powerful country very developed in the political, economic, cultural, military and all other fields and that it is attributable to the wise guidance of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il.

Noting that a genuine socialist system where everything serves the popular masses has been built in Korea, the author says that through his tour of Pyongyang and different local areas, he could see that all the people live an equal and happy life thanks to various popular policies of the party and the state and could find no beggars and jobless people.

He stresses that the Korean people are steadfastly defending Korean-style socialism under the wise guidance of dear Comrade Kim Chong-il, the supreme leader of the party, the state and the Army, decisively smashing the uninterrupted political and military offensive and economic pressure by the imperialist allied forces.

Activities Commemorate Liberation Anniversary

Democratic Front Issues Statement

*SK1508042694 Pyongyang KCNA in English
0412 GMT 15 Aug 94*

[Text] Pyongyang, August 15 (KCNA)—Yi Chong-sang, chief of the Pyongyang mission of the South Korean National Democratic Front (Hanminjon), issued a statement to the press Sunday on the occasion of the 49th anniversary of the liberation of the country.

He said the August 15 liberation is the undying feat performed by the great leader Comrade Kim Il-song, the peerless legendary hero and the sun of the nation, for the country and the nation, and the greatest favour bestowed on the Korean nation.

It is entirely due to the outside domination of and interference in South Korea and the successive South Korean authorities' policy of dependence on outside forces and national division that the cause of national reunification, ardent desire of the whole nation, has not yet been accomplished, Yi said, and continued:

When billions of people of the world expressed deep condolences over the death of the great leader, a veteran statesman of the world and the father of the nation, the Kim Yong-sam clique, the most despicable traitor among the successive puppets in the South, far from expressing condolences, is cracking down upon the South Korean people and students in mourning by invoking the "National Security Law".

The traitor Kim Yong-sam has committed another crime by blocking the fifth Pan-National Rally in Seoul at the initial stage and dispersing the "1994 North-South human chain relay for peace and reunification" initiated by religionist organizations in the South.

However, no brutal suppression can block the aspirations of our nation for reunification. Kim Yong-sam must not act rashly, squarely looking at the present trend towards peace and reunification.

We will push ahead with the movement for independence, democracy and reunification true to the behests of the great leader Comrade Kim Il-song so as to bring earlier the day of glory when we hold respected Marshal Kim Chong-il high in the platform of reunification.

Official Groups Lay Wreaths

*SK1608052194 Pyongyang KCNA in English
0415 GMT 16 Aug 94*

[Text] Pyongyang, August 15 (KCNA)—A wreath from the Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the DPRK was laid in the revolutionary martyrs' cemetery on Mt. Taesong today on the 49th anniversary of Korea's liberation.

Wreaths from the ministry of the People's Armed Forces, the Foreign Ministry, the State External Economic Affairs Commission, the Central Committee of the General Federation of Trade Unions, the Central Committee of the League of Socialist Working Youth, the Central Committee of the Union of Agricultural Working People, the Korea-Russia Friendship Association, Pyongyang Municipal Party and power bodies, administrative and economic organs were also laid there.

Present at the wreath laying ceremony were Vice-Premier Hong Song-nam, officials concerned and generals and officers of the Korean People's Army.

Pyongyangites and officials of the Russian Embassy here presented flowers at the cemetery.

Wreaths in joint name of the Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the DPRK and wreaths from the Ministry of the People's Armed Forces, the Foreign Ministry, the State External Economic Affairs Commission, the Central Committee of the General Federation of Trade Unions, the Central Committee of the League of Socialist Working Youth, the Central Committee of the Union of Agricultural Working people, the Korea-Russia Friendship Association, Pyongyang Municipal Party and power bodies, administrative and economic organs were laid before the Liberation Tower on Moran Hill in Pyongyang and the cemetery of officers and men of the Soviet Army in Sadong district, Pyongyang, on this occasion.

Pyongyangites and officials of the Russian Embassy here presented flowers at the liberation tower and the cemetery.

Wreaths were also laid today before the liberation towers and bronze statues and in cemeteries of officers and men of the Soviet Army in Chongjin, Wonsan, Hamhung, Sinuiju, Nampo, Haeju, Najin and Sinchon.

Diplomatic Corps Lays Wreath

*SK1608052394 Pyongyang KCNA in English
0416 GMT 16 Aug 94*

[Text] Pyongyang, August 15 (KCNA)—The diplomatic corps in Korea laid a wreath in the revolutionary martyrs' cemetery on Mt. Taesong today on the 49th anniversary of Korea's liberation.

Present on the occasion were foreign diplomatic envoys.

The participants paid a silent tribute to the memory of the anti-Japanese revolutionary martyrs.

The diplomatic envoys went round the cemetery.

They also laid flowers before the Liberation Tower.

Visiting Koreans Lay Wreaths

*SK1608053094 Pyongyang KCNA in English
0427 GMT 16 Aug 94*

[Text] Pyongyang, August 15 (KCNA)—Overseas Koreans participating in the 5th Pan-National Rally laid wreaths before the statue of the great leader President Kim Il-song on Mansu Hill today on the 49th anniversary of Korea's liberation.

They paid a silent tribute to the memory of President Kim Il-song, the sun and kind father of the nation who devoted his whole life to the freedom and independence and eternal prosperity of the country, the happiness of the people and the reunification of the country.

Senior Officials Lay Wreaths

*SK1608053194 Pyongyang KCNA in English
0423 GMT 16 Aug 94*

[Text] Pyongyang, August 15 (KCNA)—Wreaths were laid before the statues of the respected leader President Kim Il-song across the country this morning on the 49th anniversary of Korea's liberation.

Present at the wreath laying ceremonies were senior officials of local party and power bodies and administrative and economic organs and working people's organizations, generals and soldiers of the Korean People's Army, working people and school youth and children.

They paid a silent tribute to the memory of President Kim Il-song who devoted his whole life to the freedom and liberation of the country, the prosperity of the country and the people's cause of independence.

Foreigners Visit Martyrs' Cemetery

*SK1608053294 Pyongyang KCNA in English
0426 GMT 16 Aug 94*

[Text] Pyongyang, August 15 (KCNA)—Foreign guests staying in Korea visited the Revolutionary Martyrs' Cemetery on Mt. Taesong today on the 49th anniversary of Korea's liberation.

Govind Narain Srivastava, secretary general of the Asian Regional Institute of the Chuche Idea, Oliviero Diliberto, member of the leadership and the secretariat of the Communist Re-establishment Party of Italy, president of Liberazione, the organ of the party, and member of parliament, and his companion laid flowers in the cemetery.

They paid a silent tribute to the memory of the anti-Japanese revolutionary martyrs who laid down their lives for the noble cause of the liberation of the country and the freedom and happiness of the people.

They went round the cemetery.

Yi Chong-ok, Officials Lay Wreaths

SK1608053394 Pyongyang KCNA in English
0433 GMT 16 Aug 94

[Text] Pyongyang, August 15 (KCNA)—Wreaths were laid before the statue of the respected leader President Kim Il-song on Mansu Hill today on the 49th anniversary of Korea's liberation.

Present on the occasion were Vice-President Yi Chong-ok, Vice-Premier Kim Yong-nam and chief of the General Staff of the Korean People's Army Choe Kwang who are Politburo members of the Central Committee [C.C.] of the Workers' Party of Korea [WPK] and other cadres of the party and the government, senior officials of the party and power bodies, administrative and economic organs, central organs and public organisations, generals and soldiers of the Korean People's Army, working people and school youth and children.

Wreaths in the name of the Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the DPRK were laid before the statue.

Also laid were wreaths from the departments of the C.C., the WPK, the ministry of the People's Armed Forces, commissions and ministries of the Administration Council, public organisations, central organs, organs of science, education, culture and art, public health and the press, Pyongyang Municipal Party, power, administrative and economic organs and industrial establishments.

Working people, intellectuals and school youth and children in Pyongyang and soldiers of the People's Army laid flowers before the statue.

The participants paid a silent tribute to the memory of President Kim Il-song who embarked on the road of revolution in his early years, founded the immortal chuche idea, the guiding idea of the present time, victoriously led the bloody anti-Japanese revolutionary war, liberated the country and built a powerful socialist state, independent, self-sustaining and self-reliant in national defence in Korea.

Foreign Envoys Lay Wreaths

SK1608054294 Pyongyang KCNA in English
0442 GMT 16 Aug 94

[Text] Pyongyang, August 15 (KCNA)—The diplomatic corps in Pyongyang today laid a wreath before the statue of the great leader President Kim Il-song on Mansu hill on the 49th anniversary of Korea's liberation.

Present on the occasion were foreign diplomatic envoys.

They observed a moment's silence in memory of President Kim Il-song, the ever-victorious iron-willed brilliant commander and tender-hearted father of the Korean people, who embarked upon the road of revolution in his early years, founded the chuche idea and wisely led the anti-Japanese revolutionary struggle and thus overthrew Japanese imperialism and accomplished the noble cause of national liberation.

Foreigners Lay Wreaths at Statue

SK1608054394 Pyongyang KCNA in English
0445 GMT 16 Aug 94

[Text] Pyongyang, August 15 (KCNA)—Foreigners staying in Korea today laid wreaths before the statue of the great leader President Kim Il-song on Mansu Hill on the 49th anniversary of Korea's liberation.

Present there were the family of Otto Grotewohl, former chairman of the council of ministers of the German Democratic Republic; Govind Narain Srivastava, secretary general of the Asian Regional Institute of the Chuche Idea, and Hiroharu Seki, professor of the Ritsumeikan University of Japan, who are directors of the International Institute of the Chuche Idea; and other followers of the chuche idea and Berdyshev, professor of the Kiev University of Ukraine.

After laying the wreaths, they paid a silent tribute to President Kim Il-song.

Today, other foreign visitors to Korea laid bouquets of flowers before the statue of the great leader and observed a moment's silence.

Egyptian Visitor Brings Gift for Kim Chong-il

SK1508045594 Pyongyang KCNA in English
0432 GMT 15 Aug 94

[Text] Pyongyang, August 15 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from Dr. Youssef Amin Wali, general secretary of the Egyptian National Democratic Party.

The Egyptian vice-minister of agriculture handed the gift to DPRK Ambassador to Egypt Chang Sung-kil on August 13.

Guinean President Delivers Gift for Kim Chong-il

SK1408113794 Pyongyang KCNA in English
1119 GMT 14 Aug 94

[Text] Pyongyang, August 14 (KCNA)—The dear leader of our party and people Comrade Kim Chong-il received a gift from President of the Republic of Guinea, Lansana Conte.

The gift was conveyed to an official concerned by Alhassane Balde, adviser to the presidential office of Guinea on a visit to Korea.

Foreign Parties Send Messages to Kim Chong-il

*SK1408114494 Pyongyang KCNA in English
1041 GMT 14 Aug 94*

[Text] Pyongyang, August 14 (KCNA)—The dear leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, received messages of greetings from foreign party leaders on the occasion of the 41st anniversary of the victory of the Korean people in the fatherland liberation war.

The messages came from Narayan Man Bijukchhe, chairman of the Nepal Workers and Peasants Party; Dilip Barua, general secretary of the Central Committee of the Communist Party of Bangladesh (Marxist-Leninist); Rashed Khan Menon, general secretary of the Central Committee of the Workers' Party of Bangladesh; Garib Newaz, president of the Bangladesh People's League; Khalequzzaman Bhuiyan, convenor of the Central Committee of the Socialist Party of Bangladesh; Jean Pierre Ngambi, general secretary of the Communist Party of Cameroon; Blasco Hugo Fernandes, chairman of the National Direction Committee of the Democratic Intervention of Portugal; Boris Petkov, chairman of the Executive Council of the Central Committee of the Bulgarian Communist Party (Marxists); Frank Baude, chairman of the Central Committee of the Communist Party-KPML(R) of Sweden; Walid Joumblatt, president of the Socialist Progressive Party of Lebanon; Alberto Moreno, general secretary of the Central Committee of the Communist Party of Peru (Red Motherland); Luis Mateo Munos, general secretary of the Socialist Party of Peru; Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru; and Guzman Rivera Castaneda, general secretary of the Revolutionary Socialist Party of Peru.

The messages warmly congratulated Comrade Kim Chong-il on the 41st anniversary of the victory of the fatherland liberation war.

They expressed the belief that the Korean people will successfully carry forward and accomplish the revolutionary cause of *chuche* started by President Kim Il-song under the wise guidance of Comrade Kim Chong-il.

Kim Chong-il Sent Solidarity Messages From Abroad

*SK1608054594 Pyongyang KCNA in English
0451 GMT 16 Aug 94*

[All names as received]

[Text] Pyongyang, August 16 (KCNA)—The dear leader Comrade Kim Chong-il, chairman of the National

Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, received messages of solidarity on the occasion of the month of international solidarity with the Korean people from C.R. Aslam, president of the Pakistan Socialist Party; A. Antonov, secretary of the political executive committee of the Socialist Party of Kazakhstan; Mouhammed Ibrahim Ali, member of the C.C., the Arab Socialist Baath Party and commander of the People's Army of Syria; E.A. Ayirebi-Acquah, vice-minister of youth and sports of Ghana and chairman of the Ghana-DPRK Friendship Association; Mohammad Aslam Malik, secretary general of the Pakistan Federation of Trade Unions; Guy Dupre, secretary general of the International Liaison Committee for Reunification and Peace in Korea; Jorge Raso Arrasco, general secretary of the Latin American Institute of the Chuche Idea and chairman of the Peruvian National Association for the Study of the Chuche Idea; and Robert Charvin, secretary general of the International Committee of Jurists for Democracy and Human Rights in South Korea.

He also received solidarity messages from public figures, officials of friendship and solidarity organizations of different countries including Pakistan, Egypt, Nigeria, Mozambique, Zaire, Ethiopia, Norway, Sweden, France, Peru and Honduras and personages of international organizations.

The messages extended greetings of solidarity to Comrade Kim Chong-il on the occasion of the month of international solidarity with the Korean people.

They manifested the belief that Comrade Kim Chong-il would certainly realise the independent and peaceful reunification of the country according to the proposal of reunification through confederacy and "10-point programme of the great unity of the whole nation for the reunification of the country" advanced by President Kim Il-song, by wisely leading the Korean people.

They wished Comrade Kim Chong-il a long life in good health.

Kim Chong-il Receives Gift From BBC Chairman

*SK1608055594 Pyongyang KCNA in English
0500 GMT 16 Aug 94*

[Text] Pyongyang, August 16 (KCNA)—The dear leader of our party and people Comrade Kim Chong-il received a gift from Marmaduke Hussey, chairman of the British Broadcasting Corporation [BBC].

The gift was handed to an official concerned by the head of BBC TV news coverage group on a visit to Korea.

Society for Study of Kim Chong-il's Works Meets

*SK1608101494 Pyongyang KCNA in English
1000 GMT 16 Aug 94*

[Text] Pyongyang, August 16 (KCNA)—A meeting of the Toyama, Japan, Society for the Study of Kim Chong-il's

works was held recently on the occasion of the first anniversary of its inauguration, according to a KNS report from Tokyo.

Secretary General of the Society Minetoshi Maki delivered a report under the title "Study of Works of His Excellency Kim Chong-il" at the meeting.

The meeting focused on the discussion of questions of making a profound study of the famous works of the dear leader to deepen understanding of the *chuche* idea and make it one's faith.

'Self-Reliant' Economy Under Kim Chong-il Noted

SK1708124394 Pyongyang Korean Central Broadcasting Network in Korean 0523 GMT 15 Aug 94

[Unattributed talk: "Our Country is Shining With the Might of a Self-Reliant National Economy"]

[Text] By victoriously leading the anti-Japanese revolutionary struggle, the great leader Comrade Kim Il-song opened a new morning of liberation on this land in August, the month of victory. Our people and the working class—who recall each day of the past 49 years, since that day of abundant prosperity of the *chuche* fatherland, as well as our people's boundless happiness started—are overflowing with a great dignity and pride in the might of the powerful self-reliant national economy built on this land and in our country which shines with its might.

The self-reliant economy—which the great leader [suryong] built in those days of going through a sea of blood, a sea of fire of the anti-Japanese struggle, and which he firmly consolidated by carrying out a struggle to implement the basic line of the post-war economic construction in the days of building a new and liberated fatherland and in a flame of stern war—greet today a great era of prosperity under the wise leadership of the dear comrade leader.

The dear leader Comrade Kim Chong-il has indicated: Building the self-reliant national economy is the economic policy our party is consistently adhering to, as well as a firm guarantee for the country's independence and national prosperity.

At every time and stage of the socialist construction, Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, has firmly adhered to the self-reliant national economic construction line that embodied the great leader Comrade Kim Il-song's immortal *chuche* idea. As a result, he has built the most consolidated and powerful socialist self-reliant national economy in our country.

Kim Chang-su, head director of the Central Statistics Bureau, states:

[Begin Kim recording] Our country inherited the most backward and desperate economy. The Japanese imperialists built several cooperative farms and enterprises in our country built for their aggression and exploitation, but they destroyed them when they ran away from our country in defeat.

Furthermore, during the fatherland liberation war, the U.S. imperialists even destroyed all the plants built by our people after liberation. Therefore, our people had no alternative but to build the economy on the ruins. However, our people have built the modern economy—*chuche*-oriented, self-reliant, and multilateral—with their own personnel and materials by fighting on with their spirit of self-reliance and fortitude according to the construction line for the self-reliant economy and, thus, are demonstrating today the might of the self-reliant national economy.

This becomes the invincible might of the self-reliant national economic construction line put forward by our party based on its justification and vitality. [end recording]

Our economy, which has taken the first step from nothing since liberation, has everything what it needs today and, with its own people and materials, it can do anything it likes.

The power industry is equipped with large hydroelectric or thermal power plants, lockgate power plants [kapmun palchonso], and various small-, and medium-sized power plants. A great number of coal mines and mines [kwangsan] have been developed where abundant coal is deposited. Because of its strong material and technological foundation, the excavation industry has satisfactorily met the increasing demands of coal and minerals. Modern and large-scale steel and iron complexes and refineries are built and expanded on the areas where only ashes gathered after the war. Also a great number of metal plants are newly built based on their automation for the complete production process. As a result, facility production has increased. Also, the production of secondary metal processing goods in the metal industry has been further increased.

The machinery industry is producing all kinds of modern facilities, such as a 10,000 ton press, a 18,000 cubic-meter oxygen separator, a large-capacity power generator facility, a large-scale operating facility and other operational special precision machine tools.

Furthermore, the construction material industry has enabled us to successfully carry out a grand construction project, which is now under way. The chemical industry has also satisfactorily met the economic demands of the people for chemical goods.

Thanks to the high level of electrification in the railway sector, the haulage of electric locomotives has increased by 90 percent. A great number of roads have been linked to each other, including highways. Ports in the East and

West Seas have been modernized. As a result, the transport industry has ensured the country's transport system satisfactorily.

Light industry has greatly contributed to improving the people's standard of living by building (central light industrial plants) and local industrial plants everywhere in the country. Under the bright banner of the rural thesis, our agriculture is glorified as a result of farm work by machinery and fertilizer.

Our self-reliant national economy is fully displaying its might as the economy that develops everyday without faltering under any economic upheaval [kyongje padong], under the wise leadership of the dear comrade leader, who upheld the great leader's self-reliant economic line with his loyalty, filial piety, and single-hearted mind.

When we think about our self-reliant national economy, which has been greatly developed, we can warmly recall the energetic leadership and constant efforts of the dear leader Comrade Kim Chong-il. Since the first day he started work at the party Central Committee, the dear leader Comrade Kim Chong-il—who has early cherished in his heart a firm determination to glorify Korea—has constantly given on-the-spot guidances to the various sectors of the national economy to implement the great leader's [suryong] socialist economic plans, including plants and rural communities. By so doing, he has defined directions and plans to carry out economic construction in a big way and push it ahead bravely.

During the period of the first Seven-Year Plan, the dear comrade leader gave an on-the-spot guidance to Yong-song Combined General Bureau of Machinery, Changjingang Power Plant, Pyongyang Thermoelectric Power Complex, Hwanghae Steel Complex, 8 February Vinalon Complex, Huichon Machine Tools General Plant, and many other units. By doing so, he kindled the flames of struggle in the hearts of party members and working people.

As a result, this period showed an average annual growth rate of 12.8 percent in industrial production and the first Seven-Year Plan was carried out successfully.

In the beginning of 1972, the dear comrade leader organized and led a 100-day battle to brilliantly fulfill the first year assignment of the Seven-Year Plan and to open a breakthrough in fulfilling the plan. In order to bring about a new turn in the accomplishment of a long-term plan at an early date, he again originated a 70-day battle in 1974 and led the battle at the van.

Stressing solving the problems arising in the mining industry, transportation, and export, the dear comrade leader aroused the entire party and all people to combat.

As a result, the spirit of a speed campaign was hoisted in every work place of socialist construction and a new chollima speed and 70-day battle speed were created. As

a result, industrial production, in this period, increased 1.7 times compared to the same period before the battle was waged.

Under the energetic guidance and consistent leadership of the dear comrade leader, 100-day battles that were waged twice during the second Seven-Year Plan were successfully brought to an end.

During this period, 17,785 modern plants, complexes, and work sites in the industrial sector—including Taedonggang Power Plant, Sungjin Thermoelectric Power Plant, No. 3 ore-dressing plant under Komdok Industrial Complex, a cold rolling work site in a rolling sub-plant under Kimchaek Steel Complex, Taean Heavy Machine Complex, an oxygen separator sub-plant under Nagwon Machine Complex, and Taedonggang Television Braun Tube Plant—were built and operated.

In so doing, chuche-orientation, modernization, and scientification of the national economy were all the more accelerated, and production was increased rapidly.

The period of the third Seven-Year Plan was the same as the prior period. During the period, the industrial sector developed rapidly and the might of chuche-oriented industry was further strengthened. Thus, an average annual growth rate in industrial production reached 5.6 percent.

Indeed, thanks to the wise leadership of the dear comrade leader, who has consistently adhered to our party's unique policies and lines of economic construction set forth by the great leader and has energetically led the struggle to implement them, the self-reliant national economy prepared on our land has been further strengthened, thus firmly guaranteeing our people's political independence and socialism's sovereignty.

Truly, thanks to the wise leadership of the dear Comrade Kim Chong-il, who is adding luster to the great leader's ideas and leadership on the most lofty level, our socialist might which is based on the firm basis of a self-reliant national economy has become further more strengthened and the chuche revolutionary cause pioneered in Paektu is confidently marching along the road to its consummation.

People's Future Under Kim Chong-il Viewed

*SK1708104094 Pyongyang KCNA in English
1025 GMT 17 Aug 94*

["Comrade Kim Chong-il, Great Leader With Noble Love for People"—KCNA headline]

[Text] Pyongyang, August 17 (KCNA)—NODONG SINMUN today praises the dear leader Comrade Kim Chong-il as a great leader with noblest love for the people.

The great leader Comrade Kim Il-song is quoted as saying:

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"Comrade Kim Chong-il treasures and loves dearly his revolutionary comrades and people."

The paper says in a by-lined article:

Today our people follow the dear leader Comrade Kim Chong-il, regarding him as the great leader of the people.

Though their sorrow at the loss of the great leader Comrade Kim Il-song is acute, our people never feel pessimistic but are optimistic about their destiny and future because they are under the tender loving care of the dear leader. They absolutely believe that the dear leader is looking after their destiny with warm love, assuming full responsibility for it.

His love for the people is based on his absolute trust in them and his devoted service for them. He shares weal and woe with them and is prepared to pluck a star from the sky, level a mountain with the ground and fill up the sea, if it is for them.

The noble personality of the dear leader Comrade Kim Chong-il as the great leader of the people can be found in that he is leading our revolution and construction under the motto of "Believing in the people as in heaven."

The idea of "Believing in the people as in heaven," which Comrade Kim Il-song took as his motto from the first days of his revolutionary activities, has been taken over by the dear leader as his unshakable faith in life.

In shaping lines and policies, the dear leader always firmly defends the people's interests and subordinates everything to them.

His unshakable will to resolutely defend Korean-style socialism is based on his noble position of taking upon himself the responsibility for the people's destiny. Our party's revolutionary economic strategy is imbued with his warm care to make the happy life of the people more affluent. That is why our people always accept the party's lines and policies with a whole heart and work hard to carry them into effect.

The dear leader believes in the people as in heaven, and our people upholds him as their great leader. This proud picture can be seen only in our country. Because of this great unity between the leader and the people, we are resolutely defending the cause of socialism, not wavering in face of the counterrevolutionary activities of the imperialists and their stooges.

His noble personality as the great leader of the people can be found also in that he looks after their destiny in a responsible manner with deep and tender love.

The dear leader always values the political integrity of the revolutionary soldiers with paternal care and guides them to continue glorifying it without leaving a slight stain on it.

He is the leader who respects the anti-Japanese revolutionary fighters who had upheld the great leader Comrade Kim Il-song from the period of the anti-Japanese

revolutionary struggle as veterans of the revolution and the first generation of it. He is also the father who looks after the revolutionary comrades and bestows deepest love on them.

Under the loving care of the dear leader, all our people live the worthiest life with noble political integrity.

The dear leader has not only given a valuable political integrity to all our people but also ensured them an abundant and cultured life. Pyongyang, the capital of the revolution with rows of fashionable dwelling houses, and all other parts of the country where the people enjoy happiness are associated with his loving care. So, our people are determined to repay his ever growing loving care with loyalty.

The noble personality of Comrade Kim Chong-il as the great leader of the people are fully manifested also in that he embraces all the people and takes a good care of their life.

He embraces the whole nation with great magnanimity and tolerance.

His love for the people is very warm and limitless in depth.

In this bosom our people are rising up in the noble struggle for national reunification under the banner of great national unity.

His warm affection has reached those who are aspiring after independence and struggling for world peace.

It is the unshakable oath and will of all our people to remain faithful and devoted to the great leader of the people through generations, always holding him in high esteem. All our party members and working people will defend dear Comrade Kim Chong-il, the great leader, at the cost of their lives with a noble sense of obligation remaining unchanged in peacetime or in time of a grim test, thus achieving the victory of our-style socialism and accomplishing the revolutionary cause of *chuche*.

Institute President Visits Kim Il-song's Statue

*SK1408110594 Pyongyang KCNA in English
1043 GMT 14 Aug 94*

[Text] Pyongyang, August 14 (KCNA)—Govind Narain Srivastava, secretary general of the Asian Regional Institute of the *Chuche* Idea, on August 13 visited the statue of the great leader President Kim Il-song standing on Mansu Hill in Pyongyang and honored his memory.

He laid a wreath before the statue of President Kim Il-song in the bitterest grief at the loss of the president who founded the immortal *chuche* idea, the guiding idea of the present era, and performed the undying feats in the accomplishment of the human cause of independence, and observed a moment's silence.

He arrived here on Saturday.

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Japanese Paper Reports Kim Il-song's 'Feats'

*SK1308114794 Pyongyang KCNA in English
1131 GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—The Japanese SHINIBARAKI SHIMBUN August 1 carried pictures and an article under the title "Feats of President Kim Il-song Will Be Everlasting" on his revolutionary activities and feats on his death.

In a lengthy article subtitled "Idea and Creed of the President," "The Chuche Idea," "Fatherland Liberation," "State Building," "Independence and Great Unity," "View of International Relations" and "Issue of Inheritance" the paper said that President Kim Il-song conducted tireless and energetic activities for the Korean revolution and the world revolution.

Regarding the idea of "believing in the people as in heaven" as his maxim, President Kim Il-song found himself always among the people and shaped policies in reliance on them.

It pointed out that he founded the chuche idea that is the master of one's destiny and has the strength to shape one's destiny and built the socialist state, independent and sovereign, by applying the line of independence in politics, self-sustenance in economy and self-reliance in national defence.

It said that a half life of President Kim Il-song devoted to the reunification of the country was run through with the spirit of national independence and unity.

The paper went on:

In April last year, he published "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" which consummates the idea of national independence and reunification. The programme refers in detail to the representation of a reunified state that a pan-national state, independent, peaceful, non-aligned and neutral, should be built, leaving the systems in the North and the South as they are, ideal basis and way of great national unity.

President Kim Il-song's views of diplomacy and international relations are very just. He played the role of a [word indistinct] the international communist movement and the non-aligned movement and left many feats behind him.

The successor Kim Chong-il is now leading the revolution and construction in the van and successfully carrying forward the cause of socialism pioneered by President Kim Il-song.

Mr. Kim Chong-il is leading the party, the state and the Army as a whole.

It is not difficult to imagine that North Korea will in the future vigorously push forward with "Korean-style socialism" where the people have become the master

centering on Mr. Kim Chong-il and unite in one mind for "national reunification of the North and the South of Korea".

German Family Visits Kim Il-song Statue

*SK1408103594 Pyongyang KCNA in English
1016 GMT 14 Aug 94*

[Text] Pyongyang, August 14 (KCNA)—The family members of Otto Grotebol, former prime minister of the German Democratic Republic, visited the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on August 13 and honoured his memory.

They laid bouquets before the statue of President Kim Il-song and observed a moment's silence in deep grief at the loss of President Kim Il-song who founded the immortal chuche idea in his early years and made great contributions to accomplishing the cause of global independence and to strengthening and developing the international communist movement with the bright rays of the chuche idea.

They arrived in Pyongyang on August 13 by plane.

Overseas Koreans Visit Kim Il-song's Statue

*SK1408103394 Pyongyang KCNA in English
1012 GMT 14 Aug 94*

[Text] Pyongyang, August 14 (KCNA)—The delegation of the International Korean Association (Unity) headed by its General Secretary Cho Yun-hae and the delegation of the European regional headquarters of the National Alliance for the Country's Reunification (Pomminnyon) headed by its Vice Chairman Yi Hui-se which have come to participate in the 5th pan-national rally visited the statue of the great leader President Kim Il-song standing on Mansu Hill in Pyongyang on August 13 and honored his memory.

They laid bunches of flowers in deep grief before the statue of the great leader who had unfolded a bright vista for reunification by conducting energetic activities, always worried about the reunification of the country, the supreme desire of the nation, and passed away, not seeing the day of reunification, and observed a moment's silence.

Workers 'Changing Greatest Sorrow' Into Strength

*SK1308112794 Pyongyang KCNA in English
1101 GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—The working class of Korea which has determinedly risen up, changing greatest sorrow at the loss of the father of the nation into a thousand-fold strength and courage, is keeping the upswing in production.

The coal miners in recent 20 days chalked up a 26.7 percent gain over the previous corresponding period.

The average daily coal output at the Anju, Sunchon, Tokchon and Kangdong area coal complexes more than doubled in this period.

In the same period, the output of rolled steel has increased 40 percent and that of cement 20 percent nationwide.

After fulfilling its July assignment at 102 percent, the Yongsong associated machine bureau has set itself the goal of fulfilling its quotas at 150 percent, 200 percent at maximum, this month and extensively introduced new technical innovation proposals and rational production methods, registering remarkable results.

The August 8 mine is these days surpassing its daily ore production quotas 30 percent.

Meanwhile, agricultural working people across the country are concentrating efforts on the immediate farm work, while taking scrupulous measures to prevent damages by storms. The crops rule good.

Group of Talented Gymnasts Working on Display

SK1608105794 Pyongyang KCNA in English 1019 GMT 16 Aug 94

[Text] Pyongyang, August 16 (KCNA)—The creative group of mass gymnastic display of Korea is now working on the mass gymnastic display "Our Sun and Star".

The great leader President Kim Il-song highly estimated the mass gymnastic display "Great Victory of the Rural Theses" when he saw it in March and said such mass gymnastic display should be disseminated nationwide.

"Our Sun and Star" is being created in accordance with this teaching of the president. Its theme is the firm faith and will of the entire Korean people to remain loyal to the party's leadership, always keeping in their minds the great personality, immortal leadership achievements and affectionate look of President Kim Il-song.

The creative group is devoting talent and enthusiasm to the creation of the work, changing their deep grief at the loss of the great father of the nation into thousand-fold strength and courage.

The script and pictures running into several thousand pages have already been completed and published in 1,000 copies.

The creative group has organised workshops with talented creative workers and artists.

Dispatched to provinces, they are disseminating the mass gymnastic display "Our Sun and Star" nationwide.

The creative group which holds a large share in the development of sports art of the country has produced several dozen monumental works since its founding in November 1971.

The mass gymnastic displays "Chollima Korea", "People Sing of the Leader" and "Singlehearted Unity" are people's prize winners well known to people for the high standard of plastic art combining vigorous gymnastic movements and beautiful rhythms, collective harmony and individual skills and as synthetic sports art based on an organic integration of the floor and background performances and music.

Relics Reportedly Discovered in Tomb of Tangun

SK1308111494 Pyongyang KCNA in English 1041 GMT 13 Aug 94

["Great Man Who Has Glorified Nation's History"—KCNA headline]

[Text] Pyongyang, August 13 (KCNA)—The history of the Korean nation has been exalted by two most distinguished great men of the present era.

This is well borne out by the reconstructing of the Tomb of Tangun which is progressing at fast speed in Kangdong County, Pyongyang Municipality.

Tangun is the founder of the country who chose Pyongyang as the capital over 5,000 years ago and founded the first state in the East called "Korea (ancient Korea)".

Nearly all the historical materials on Tangun and Kojoson (ancient Korea) were burnt under the Japanese imperialists' policy of national obliteration before the liberation of Korea.

Saying that the history of Tangun, the father of the Korean nation, and ancient Korea (Kojoson), must be fully unearthed to be handed down to the posterity, the great leader President Kim Il-song personally formed a research group with scientists and wisely led their work.

Under his deep concern, the scholars deepened their research and at last excavated the Tomb of Tangun in Kangdong County, Pyongyang Municipality, in September last year.

Bones of Tangun and his wife which are being petrified have been discovered in the tomb.

According to measurement of the bones by influential research institutions 24 and 30 times respectively with the use of latest-type date measuring devices, it was confirmed unanimously that they dated back 5,011 years.

Discovery [word indistinct] were also many relics used by Tangun. This is a valuable discovery furnishing an historical and archaeological proof of the nation's history spanning more than 5,000 years.

No sooner had it been confirmed that Tangun was an actual person than President Kim Il-song gave instructions to reconstruct the Tomb of Tangun to its original state. And he indicated the most correct orientation as regards all the questions arising in the study of history

including the question of deepening the academic study of Tangun and ancient Korea and the question of rearranging abundant historical relics related to Tangun in the Pyongyang area.

He gave teachings concerning the reconstruction of the Tomb of Tangun on 46 occasions.

On July 6, he saw the general plan of the reconstruction of the Tomb of Tangun and gave detailed teachings about all the problems arising in the project.

Two days later, on July 8, the president passed away to our deep sorrow.

His noble intention to glorify the history of the nation is being successfully realised by the dear leader Comrade Kim Chong-il.

On July 13 when the whole country was overcome by grief at the loss of President Kim Il-song, Comrade Kim Chong-il gave precious instructions to complete the project before the national foundation day, the birthday of Tangun.

It was none other than Comrade Kim Chong-il who was in deepest grief and who must be consoled by all people.

But he personally directed the reconstruction of the Tomb of Tangun even at the moment of great pain because he regarded it as his lifelong task to carry out the behests of President Kim Il-song.

Upon receiving in tears the words of Comrade Kim Chong-il, the constructors of the tomb rose up, changing their sorrow into a thousand-fold strength and courage. Unprecedented miracles are being wrought at the reconstruction site.

The history of the Korean nation will be exalted under the great guidance of Comrade Kim Chong-il as President Kim Il-song desired in his lifetime.

South Korea

Kim, Clinton Discuss Geneva Follow-Up Measures

SK1708013794 Seoul KBS-1 Radio Network in Korean 0100 GMT 17 Aug 94

[Text] President Kim Yong-sam and U.S. President Bill Clinton discussed follow-up measures of the third round of North Korean-U.S. talks and situation on the Korean peninsula over the telephone today.

It has been learned that the two countries' presidents shared the opinion that the ROK and the United States will closely cooperate in coping with [taeung] the second session of the third round of North Korean-U.S. talks, as they have done so far.

Regarding the North Korean nuclear issue, President Kim particularly stressed that the ROK will provide support for North Korea's switch to a light-water reactor

system only when North Korea's present and future nuclear transparency, and the transparency of its past nuclear activities are guaranteed.

It has also been learned that President Clinton again made clear that the United States will not agree with North Korea on anything running counter to the intent [uisa] of President Kim and the ROK Government.

Agreement Reached on Cooperation

SK1708063494 Seoul YONHAP in English 0602 GMT 17 Aug 94

[Text] Seoul, Aug. 17 (YONHAP)—Presidents Kim Yong-sam of South Korea and Bill Clinton of the United States agreed Wednesday to provide North Korea with light-water reactors only when the North Koreans guarantee their nuclear transparency, including permitting special international inspections of the two undeclared nuclear sites in the Yongbyon nuclear complex North of Pyongyang.

The agreement was reached in their telephone conversation in which the two presidents reconfirmed the need to closely cooperate in their efforts to solve the North Korean nuclear issue, Chongwadae Spokesman Chu Ton-sik said.

While discussing the nuclear issue in line with the results of the recent North Korea-U.S. talks in Geneva, they agreed that only when North Korea guarantees the transparency of its nuclear development program, including the acceptance of special international inspections of the two undeclared nuclear sites in Yongbyon, the two countries will provide support for its light-water reactor construction, he added.

The conversation lasted for 38 minutes from 8:45 AM [2345 GMT] when Clinton called Kim.

The U.S. President told Kim his government had endeavored to persuade North Korea to accept the South Korean model of light-water reactors to which North Korea appear to have no big objection, Chu said.

Kim said South Korea is ready to support North Korea's light-water reactor program in a bid to induce North Korea into seeking reform and open-door policies.

They shared the view that in dealing with North Korea translating an agreement into action is more necessary than reaching an agreement, while agreeing to maintain close cooperation between the two countries in dealing with North Korea, the spokesman said.

In this light, they pointed out that the denuclearization declaration for the Korean peninsula had not been implemented, though North Korea subscribed to the declaration, he added.

Clinton stressed his government is not relying on Pyongyang's goodwill in dealing with the North Korean Government.

Kim said North Korea must not make use of its talks with the United States for its scheme to drive a wedge between Seoul and Washington.

The two leaders also agreed to cooperate closely in every development of the negotiations with North Korea, Chu said.

They shared the view that the situation of North Korea under Kim Chong-il's leadership is shaky and unpredictable, and President Clinton said his government is making a guarded approach to Pyongyang in consideration of its shaky domestic situation.

Judging that the U.S. Government had achieved a significant progress in the recent Geneva meeting as it made a breakthrough in talks over North Korea's nuclear development program, the U.S. president said that because North Korea continues remaining a party to the nuclear non-proliferation treaty, the present situation would lead to a good opportunity of removing North Korea's nuclear threat.

But there are lots of problems to be solved in the future, he was quoted as adding.

Chu further quoted Clinton as saying that President Kim, in his national liberation day speech, displayed a fine leadership for North Korea to open its doors to the world.

When Kim asked about the exodus of Cuban refugees to the United States, Clinton said his government had taken measures to cope with the Cuban boat people, including those against a mass exodus.

Reassure Public of 'Harmony'

SK1708081594 Seoul YONHAP in English 0806 GMT 17 Aug 94

[Text] Seoul, Aug. 17 (YONHAP)—The phone call Wednesday between presidents Kim Yong-sam and Bill Clinton was more for the public than for themselves, intended to show harmony when they were suspected of discord.

The gist of the conversation was that North Korea has to fully disclose its past nuclear activities or else no light water reactors, no liaison offices.

After the results came out from North Korea-U.S. high-level dialogue last Saturday, local press splashed their papers with editorials and cartoons criticizing South Korea as nothing more than foot-rolling bystander while North Korea and the United States were shaping the future of the Korean peninsula. Questions were raised if Seoul knew Washington was going as far as the part on exchanging on diplomatic representation.

Wednesday's telephone call was intended to tell the public that there is no discord, that there is nothing that is going over South Korea's head.

Chu Ton-sik, Kim's spokesman, said after the phone conversation that the two presidents pledged "close cooperation without even the slightest difference between South Korea and the United States." Kim, as he said in his Aug. 15 Liberation Day speech, repeated South Korea is willing to assist North Korea in its reform and openness but such assistance depends on North Korea's attitude in the coming months.

As if to dismiss claims in Seoul that Washington is too naive and inexperienced in dealing with North Korea, Clinton was quoted as saying that the United States will not rely solely on North Korea's good intentions. "President Clinton meant by this that the United States will not just expect North Korea to do the right things on its own accord. North Korea has to keep its words and act on it," said spokesman Chu.

The two presidents affirmed, for the public to know, that North Korea's past nuclear activities have to be disclosed clearly, that they will track down how much nuclear material North Korea has. In other words, the United States will not neglect the problems of the past in its haste to tie North Korea down to Nuclear Non-Proliferation Treaty (NPT).

"The phone call was an opportunity for the two countries to consult on future policy directions regarding North Korea based on their joint evaluation of last week's high-level dialogue," said an official at the presidential office. "The reaffirmation of South Korea-U.S. cooperation is the biggest meaning of all. U.S.-North Korea negotiations are under way, and the U.S. Government will not do anything that goes against the will of our government or president," said the official.

IAEA Nuclear Verification Activities Continue

SK1608235294 Seoul KBS-1 Radio Network in Korean 2100 GMT 16 Aug 94

[By correspondent Cha Man-sun from Vienna]

[Text] The International Atomic Energy Agency (IAEA) revealed that the agency is continuing activities for the continuity of inspection in order to verify that North Korea froze its nuclear development, and that the two inspectors in Yongbyon are replacing the surveillance equipment at seven nuclear facilities.

To ensure that the 8,000 nuclear fuel rods are not reprocessed, the IAEA said that the two inspectors will remain in Yongbyon until concrete technical measures are taken to freeze the nuclear development, which was agreed upon at the U.S.-North Korea talks held in Geneva.

According to IAEA Spokesman Kyd, the two inspectors who are in Yongbyon to verify the freezing of nuclear development, are frequently replacing batteries and video tapes in major facilities, including the radiochemical laboratory and five-megawatt reactor, at the seven nuclear facilities where North Korea is allowing inspections.

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Minister Urges U.S., Japanese Aid for Reactors

SK1708102594 Seoul YONHAP in English 1017 GMT
17 Aug 94

[Text] Seoul, Aug. 17 (YONHAP)—Deputy Prime Minister Yi Hong-ku said on Wednesday the United States and Japan should provide financial and technical assistance in the proposed construction of light-water atomic reactors in North Korea. "The two countries should furnish assistance in a way befitting to the cause of maintaining the Nuclear Nonproliferation Treaty (NPT)," Yi said.

While meeting with reporters at his office, the deputy premier said the North Korean nuclear question is an issue not only of the Korean peninsula but also of the international community. "This will be a good opportunity for Japan to contribute to world peace and regional development," he said.

Yi, who is also national unification minister, said the South-North dialogue would have to be resumed any way if only to discuss the issue of South Korea's support for the change of North Korean graphite reactors into light-water ones. He said South Korea is in the policy of supporting the light-water reactor project not because of threat from the North but from the angle of helping elevating the wellbeing of the whole Korean people. "The light-water reactor question is an issue that can hardly be resolved without direct negotiations between the two Koreas," he said.

On North Korea's attitude as revealed at the recent Geneva U.S.-North Korea talks, Yi said North Korea seems trying to resolve the question through a dialogue with the United States. "We understand North Korea also realizes that no nuclear question can be settled without a dialogue with South Korea," he said.

Yi said South Korea has never been in a hard-line policy toward North Korea since the death of Kim Il-song. "We have in fact been very careful in our attitude, a trend which I understand North Korean leaders are well aware of," he said.

Deputy Prime Minister Yi said that since improving inter-Korean relations would be a course requiring a long period of time, his government does not stick to the doctrinaire stand that South-North relations should always be improved before any relations improvement between the United States and North Korea.

He was quick to add, however, that there can be no diplomatic normalization between Washington and Pyongyang before improving inter-Korean relations.

It seems North Korea's political decision is necessary for resuming the stalled inter-Korean dialogue, Yi said, adding that North Korea too should cooperate in the effort to have the South Korean people understand support for the North's light-water reactors.

Officials on Role in DPRK Reactor Project

SK1708034594 Seoul YONHAP in English 0251 GMT
17 Aug 94

[By Yi Tong-min]

[Text] Seoul, Aug. 17 (YONHAP)—South Korea's nuclear reactor technology will be put to a test soon when it, if all goes well as wished, forms the core of light-water reactors to be provided to North Korea.

The United States agreed last weekend to arrange 2,000mw scale of light-water reactors to North Korea in exchange for transparency in Pyongyang's past, present and future nuclear programs.

South Korean officials are optimistic that Seoul will be the key player in the reactor project. And so far, things have been going in this direction.

The 2,000mw scale is a meaningful decision. North Korea at first demanded four 440mw reactors but settled for 2,000mw, a scale best fitted for South Korean technology. Seoul builds reactors at 1,000mw unit, in pairs for maximum cost efficiency. The North Korea-U.S. agreement is to build two 1,000mw light-water reactors.

Rough estimation here is that the two reactors will cost about 4 billion U.S. dollars, but officials say the figures will go down in the end. Seoul localized 95 percent of the parts and skills that go into reactor construction. The other 5 percent usually comes from the United States. South Korea, although it hopes to be the main supplier, plans on getting Japan, Russia and the United States involved in construction and financing.

Russia's VVER model is not exactly compatible with the South Korean model, and officials say they will have to discuss among experts how Moscow can participate.

Japan's model basically has the same import origin so there will not be technical hitches in giving Tokyo a role.

The most likeliest scenario is to have the United States do the blueprint for reactor construction, South Korea do the construction itself, and Japan do the facilities for discarding nuclear waste.

Local companies with experience in building nuclear power plants are Hyundai Engineering and Construction Co., Daewoo Corp., Tong-A Construction Co. and Korea Heavy Industries and Construction Co.

The project takes between eight to 10 years from planning to completion.

Seoul is willing to put up majority of the construction cost, although the share will have to be decided at trilateral negotiations among South Korea, Japan and the United States.

There is a question of whether North Korea will get the reactors free of charge or allowed to pay back through the

years, but officials say the chances of handing over the reactors without payback is nil.

Some have suggested that since North Korea will not be immediately needing all the power generated from the power plants, Seoul can be paid back with electricity supply.

South Korea has its own reasons in aggressively assuming a key role in the project. Once Korea is reunified, the reactors become their common property anyway.

But any conclusive decision on the project is subject to negotiation with South Korea's allies and other hopeful participants.

Officials on Consortium for DPRK Reactors

SK1708090594 Seoul HANGYORE SINMUN in Korean 17 Aug 94 p 1

[Report by Kim Song-ho and Sin Hyon-man]

[Text] The ROK, the United States, Japan, and Russia are expected to form a joint consortium to push ahead with the project of building atomic reactors in North Korea. In addition, chances are bright that (Combustion) Engineering Company of the United States, which has the core technology and supplied the model for the ROK-type atomic reactors, will become the company supervising the project.

Pak Un-so, vice minister of the Trade, Industry, Energy Ministry, said on 16 August that "the biggest problem regarding construction is deciding which country will cover the expenses of \$4 billion (3.2 trillion won)?" and added that "full-fledged discussions regarding the scope of credit, the conditions for assistance, and grant-type assistance involving the provision of light-water reactors have not been made."

He also said "the country that will be in charge of providing core parts necessary for the construction, including nuclear reactors and terbium, will have to pay the large amount of money needed to build the atomic reactors," thus hinting that the ROK will likely have to shoulder the major share of the financial burden.

The vice minister said "there were no discussions on how the ROK will collect the money, however, we are studying ways to prepare the funds, such as using the North-South economic cooperation funds or loans from overseas by the Korea Electric Power Corporation." He then added that "Russia is likely to participate in the consortium, however, it will be difficult for Russia to provide the funds."

Prior to this, Kim Tae-kon, the assistance minister for energy of the Trade, Industry, Energy Ministry, revealed that "chances are high that a U.S. corporation will be the major contractor if the consortium is formed."

He added "even though the government has already mapped out a plan to assist North Korea's reactor construction, it is hard to reveal the plan now."

In the meantime, Foreign Minister Han Sung-chu, who is currently visiting Norway, said on 15 August regarding the issue of providing North Korea with atomic reactors that "there is no other realistic alternative for North Korea than to accept the ROK version of light-water reactors in light of the character of the North Korean-U.S. agreement."

Foreign Minister Han stated: "North Korea agreed to let the United States make the selection," and added that "prior to this, there has already been an agreement between Seoul and Washington to choose the ROK model." He then added that "inter-Korean dialogue will necessarily have to resume in order to deal with the process of providing the reactors, implementing the agreement for denuclearization of the Korean peninsula, and supplying the alternative energy to North Korea."

DLP, DP Disagree on North Nuclear Program

SK1408055794 Seoul THE KOREA HERALD SUPPLEMENT in English 14 Aug 94 p 6

[By staff reporter Song Chong-tae]

[Text] The ruling and opposition parties have so far revealed different views on ways to solve the North Korean nuclear issues.

The ruling Democratic Liberal Party (DLP) has taken the stance that transparency of past nuclear activity as well as present and future nuclear activities must be guaranteed, and for this, various economic sanctions against North Korea should be considered, if necessary.

While agreeing with the transparency of all nuclear activities, the main opposition Democratic Party (DP) has shown a more flexible position that when the present and future transparencies are guaranteed, the past nuclear activities can be traced later.

The DP has opposed any sanctions against North Korea except the U.N.-led sanctions, and it has stressed that the dispute over Pyongyang's nuclear program must be settled through dialogue.

Views on Pyongyang's nuclear program, taken by ruling and opposition lawmakers who belong to the National Assembly's Foreign Affairs and Unification Committee, have backed up well their respective party's stances despite slight personal differences.

Rep. An Mu-hyok of the DLP said, "The North Korean nuclear issue is not a matter which can be resolved through dialogue alone."

An, who once served as the director of the Agency for National Security Planning, said, "To solve the nuclear

problem, the government should take gradual but strong measures such as economic sanctions along with dialogue."

Rep. Kim Tong-kun of the DLP said, "If North Korea has nuclear bombs, the government must discard a joint declaration between the South and North for denuclearization on the Korean Peninsula, which took effect from 1992."

Kang Myong-to, a North Korean defector, had sent a shock wave through the country by making controversial remarks at a news conference held late last month, stating that North Korea already has five nuclear bombs.

However, the government has concluded that the claim by the defector is an unreliable one and has taken the stance that Pyongyang has ambitions to possess nuclear arms, but there is no concrete evidence that North Korea has nuclear weapons at this time.

Rep. Kim Won-ki of the DP said, "If North Korea has nuclear weapons as claimed by the North Korean defector, it is a big problem. North Korea should obey the joint declaration for denuclearization on the Korean Peninsula."

Saying there is no concrete evidence that North Korea has nuclear arms as shown in the government's conclusion, "At present, it is desirable for the Seoul government and the international community to resolve the nuclear dispute through a package deal." The package deal refers to North Korea's accepting full international inspections of its nuclear sites and the freezing of its nuclear program in return for U.S. diplomatic recognition and Western economic aid.

Rep. Yi O-chong of the DP said, "At present, there is no other way except a package deal to settle the nuclear problem peacefully."

The reform-minded lawmaker said she opposes sanctions against North Korea because sanctions may lead to a war.

This difference between the two parties underlines their different basic understanding of North Korea's nuclear development program.

The DLP regards Pyongyang as having kept its regime from collapsing from outside pressure by possessing nuclear bombs, while the DP believe North Korea has used the nuclear program as a card to take the initiative in negotiations with the United States as well as South Korea.

An of the DLP said, "As Communist states such as the former Soviet Union and Eastern bloc nations collapsed while other Communist countries such as China and Vietnam sought a drastic change in their regimes, North Korea has worried that its reclusive Stalinist regime would collapse in the near future."

So, the North Korean leadership felt a need to possess nuclear bombs to be able to keep North Korea from being attacked by outside forces, he said.

An said, "In the case of North Korea's holding nuclear weapons, Pyongyang can maintain its current political system without being affected by the international community."

He said that North Korea, which has been losing its military superiority over South Korea in the past few years, has also tried to secure military superiority over South Korea through possession of nuclear bombs.

An explained that North Korea has allocated money equivalent to 23 percent of gross national product (GNP) in military expenditure on average in past few years.

He also said that North Korea wants to have nuclear bombs in order to reunify the Korean Peninsula in its own way.

Kim of the DLP reveals views similar to An's on the nuclear issue.

"I think North Korea has no choice but to develop nuclear bombs in order to maintain its political structure led by the late North Korean President Kim Il-song," he said.

In contrast, Yi of the DP said, "It is true that North Korea actually wants to possess nuclear arms. But I think that the Pyongyang regime seems to use the nuclear development program as a card in negotiations with the United States as well as South Korea."

The two parties have also revealed different views on economic cooperation with North Korea.

The DLP has taken the position that as long as North Korea does not abandon its ambition to hold nuclear weapons, the government should not provide economic assistance for the Communist nation.

In comparison, the DP has taken the stance that economic cooperation between the South and North should be considered separately from the nuclear issue.

An of the DLP said that he opposes the government's economic aid to North Korea.

"If anyone believes that economic cooperation can lead North Korea to adopt an open-door policy, it is much too optimistic a view," he said.

An said that North Korea, on the other hand, will use the South's economic aid as a means of cementing its own political structure and prevent change in North Korea.

Kim of the DP said that North Korea will have no choice but to join the mainstream of the international society marching into openness in the long-term.

Han Discusses Ko Sang-mun Case With Norway

SK1708011794 Seoul YONHAP in English 0046 GMT 17 Aug 94

[Text] Oslo, Aug. 16 (YONHAP)—South Korea asked for Norway's active cooperation Tuesday to repatriate one of its nationals believed to be detained in North Korea against their will after being kidnapped.

Visiting Foreign Minister Han Sung-chu, meeting his Norwegian counterpart Bjorn Tore Godal, requested help in bringing Ko Sang-mun, a former high school teacher, to a neutral country to confirm whether he is living in North Korea voluntarily as Pyongyang claims.

Godal promised his country's best efforts to persuade North Korea and cooperation with international organizations on Ko's repatriation, Paek Nak-hwan, director-general for European affairs accompanying han, said after the talks.

Ko disappeared while traveling in Oslo 15 years ago. Amnesty International said late last month that Ko is in one of North Korea's camps for political prisoners.

Han stressed that although Pyongyang claims Ko came to North Korea of his own free will, it's necessary to confirm if he is indeed in North Korea voluntarily.

The two foreign ministers discussed South Korea's bid to join the Organization for Economic Cooperation and Development (OECD) and to have its Trade, Industry and Energy Minister Kim Chol-su become the World Trade Organization (WTO)'s first director-general.

Godal said Norway will assist Seoul become an OECD member but said it was yet undecided about WTO's director-general candidacy.

The foreign ministers exchanged views on political currents on the Korean peninsula, North Korean President Kim Il-song's death, and Norway's entry to European Union (EU) next year.

Han met later in the afternoon with Haakon Blankenborg, chairman of the parliamentary foreign affairs committee to discuss ways of promoting bilateral relations.

Han calls on Prime Minister Gro Brundtland and King Harald V Wednesday before leaving for Sweden.

Pak Hong Interviewed on Chusapa Allegations

SK1708033594 Seoul HANGUK ILBO in Korean 15 Aug 94 p 27

["Exclusive interview" with Sogang University President Pak Hong by Pyon Hong-chin at the Red Lion Hotel in Los Angeles on 12 August]

[Text] Regarding the infiltration of chusapa members [followers of the chuche ideology] into ROK society, Sogang University President Pak Hong alleged that "a considerable number of chusapa members have infiltrated not only into the campus but also in religious

circles, political parties, and news media," and added that "about 750 chusapa members are secretly working in a certain opposition party and are attempting to emerge as a leading force in next year's local elections."

Pak also said: "I am willing to present evidence to pertinent authorities to back up my allegation if personal safety is guaranteed for those who provided the information."

In an exclusive interview with HANGUK ILBO at the Red Lion Hotel in Los Angeles on 12 August [U.S. local time], he said: "As soon as I return home, I am going to propose to the government that it relegate the prosecution's investigation into the controversial case of a textbook co-written by Kyongsang National University professors to the university."

In a three-hour long interview, Pak emphasized that a situation of new security-oriented rule, which the society is worried about, is not something he wants created and said: "In my capacity as the chairman of 'the Education Committee for Peaceful Unification,' I intend to call on the prosecution to suspend its investigation into whether such acts benefit the enemy or not. I think the case should be settled through dialogue among professors concerned, within the framework of the education committee."

Regarding his remark on the existence of chusapa members on campuses, President Pak said "such a fact was revealed on behalf of university presidents after summing up extensive discussions that went on for five years and six months," and added that it was revealed to heighten the people's awareness and to protect the campus "following North Korea's designation of 15 August 1995 as the deadline for its maneuvers to communize Korea."

'Serious Challenge' Posed to Policy on DPRK

SK1408035294 Seoul THE KOREA HERALD in English 14 Aug 94 p 2

[By staff reporter Chon Si-yong]

[Text] The agreement between the United States and North Korea to establish diplomatic representation signals fundamental changes in the international situation surrounding Northeast Asia as well as the Korean Peninsula, political analysts said yesterday.

They said an eventual normalization of relations between Washington and Pyongyang will help shape a new order in the region as it would pave the way for Japan and other western countries to follow suit in recognizing North Korea.

The faster-than-expected progress of diplomatic negotiations between the United States and North Korea will also pose a serious challenge to the Seoul government's North Korean policy, the analysts said. "A new order is

now in the making in Northeast Asia as the establishment of formal relations between Washington and Pyongyang will eventually lead to the cross-recognition of both Koreas by all major powers in the area," a political scientist said.

Japan is expected to accelerate its diplomatic initiatives toward North Korea, he said.

Tokyo and Pyongyang have held rounds of negotiations for normalizing relations but they were suspended due to the North Korean nuclear dispute.

Analysts said that the West's recognition of North Korea will help ease tensions on the Korean Peninsula by pulling the Pyongyang government out of its isolation from the international community.

It would also help North Korea's de facto new leader, Kim Chong-il, make a stable transition after the death of his father and long-time leader Kim Il-song, they said.

The U.S. government's decision to improve relations with North Korea is expected to provide the Seoul government with both opportunities and challenges over its North Korean policy.

South Korean President Kim Yong-sam has said that his government was willing to assist the North's efforts to gain a formal recognition by Washington if it gives up its nuclear weapons ambition.

Both U.S. and Japanese leaders have also pledged that they would respect the position of Seoul before making any important decision on their relations with North Korea.

But, analysts said, the U.S. government seems to have taken a drastic shift in its North Korean policy because Washington did not stick to its previous preconditions for improving relations with North Korea.

"It should be noted that the Friday agreement on diplomatic representation does not mention any of the North's missile exports, terrorism and human rights problems," an analyst said.

It is not clear whether the Washington government had any in-depth consultation with the Seoul government on the issues or not, but it appears certain that South Korea will have to work out a new framework regarding its North Korean policy based on the new approach by the United States.

DLP Legislator Urges Direct Investment in North
SKI408055894 Seoul THE KOREA HERALD
SUPPLEMENT in English 14 Aug 94 p 7

[By staff reporter Yi Kyo-kwan]

[Text] South Korea now needs to have economic ties with North Korea by allowing domestic firms to directly invest there, a ruling party lawmaker asserts.

At the same time, South Korea should help North Korea establish a diplomatic relationship with the United States so that the Communist nation can attract investment from Western nations to help its ailing economy, Yi Myong-pak of the Democratic Liberal Party [DLP] maintains.

"I think that both the expansion of inter-Korean economic cooperation and the setup of diplomatic ties between North Korea and the United States are the key to resolving the North Korean nuclear issues," Yi claimed in an interview with THE KOREA HERALD.

The United States, he noted, has recently proposed to establish consulate-level relations with the North in return for Pyongyang's scrapping of its nuclear program.

Yi made similar points early last month before the death of Kim Il-song in a speech at the National Assembly.

At the time, the Seoul government maintained an ambiguous policy about whether it should support U.S. move to establish normal relations with North Korea as a means of solving the nuclear issue.

In this regard, Yi's remarks at the Assembly drew attention as they came from a ruling party politician.

Even now, his explicit support for normal ties between Washington and Pyongyang may sound jarring to the administration as there appears to be no consensus on the issue.

"The main reason is that the North will never stop developing nuclear arms unless the United States acknowledges diplomatically the Communist nation," Yi explained.

North Korea, according to him, has pushed the Najin-Sonbong free economic zone in the estuary of the Tumen River, in the hope that foreign investment in the zone would help it escape from a prolonged economic recession.

Pyongyang, however, has failed to attract investment from foreign enterprises, although it held many investment seminars in Japan and such European countries as Germany and Finland last year.

As a result, the Pyongyang regime has realized that it would never succeed in attracting foreign investment without diplomatic recognition from the United States, Yi analyzed.

Based on this realization, North Korea began to use the "nuclear card" in the belief that it could force Washington to give diplomatic recognition to Pyongyang, Yi asserted.

"In a nutshell, North Korea wants diplomatic relations with the United States in return for giving up its nuclear arms development program," claimed Yi, who long served as chairman of Hyundai Engineering and Construction Co. before becoming a politician.

Some North Korea watchers here agree with Yi, forecasting that if the United States promises to establish diplomatic ties, the Pyongyang government under the leadership of Kim Chong-il will instantly stop its nuclear program.

Accordingly, if the South Korean government hopes for peace on the Korean Peninsula, it needs to support such a move, they maintain.

"Only when the Seoul government adopts such a bold gesture will it be able to take the initiative in forging relations with both North Korea and the United States in the future," the politician observed.

At the same time, Yi stressed, Seoul should permit domestic businesses to make direct investments in North Korea, discarding the linkage between inter-Korean trade and the nuclear issue.

"If South Korea continues to take an indifferent attitude toward the Stalinist regime's economic crisis, the cost it will have to burden when the two Koreas are reunited will definitely be unbearably huge," Yi predicted.

To reduce this future burden, he emphasized, Seoul should now help Pyongyang address its economic troubles.

"As a first step, the Seoul government should allow domestic small- and medium-sized manufacturers of light industrial goods to invest in North Korea as consumer goods are in great demand there.

"I believe that the time is not yet ripe for big businesses to invest in the heavy industries as there isn't any investment guarantee agreement between the two Koreas," Yi noted.

Yi was critical about the South Korean government's official stance of not allowing domestic firms to invest in North Korea until Pyongyang abandons its nuclear development program.

"This policy is short-sighted. The government should have a wider perspective," Yi commented.

According to the lawmaker, economic difficulties in North Korea have deepened to the point where a considerable number of North Koreans can have only one meal a day.

Recent wire reports say that North Korea's food situation has been worsening because China's grain exports to the North have nosedived following a sharp decline in barter trade between the North's iron ore and China's grain.

"It is time that the government launched a full-fledged economic cooperation with North Korea, alleviating the Pyongyang government's worry that its Communist political system may collapse because of such economic hardships," Yi said.

As a matter of fact, the possibility is very high that the North Korean leadership will be toppled by revolts by the people who are suffering a severe shortage of food and consumer goods, according to North Korea watchers.

"Should such an event occur, it may make it more difficult to reunite the two Koreas. Therefore, the issue of economic tie-ups with the North is urgent," Yi asserted.

North Border Trade Drops Due to Lack of Exchange

*SK1708105294 Seoul YONHAP in English 1048 GMT
17 Aug 94*

[Text] Beijing, Aug. 17 (YONHAP)—Border trade between North Korea and China has sharply declined since the turn of the year due largely to North Korea's foreign exchange crisis.

A business source versed with the North Korean economic situation said here on Wednesday North Korea-China border trade totaled about 80 million dollars in the first five months of this year, a decline of 46 percent from the like period of last year.

The source said the sharp slide was prompted in part by China's control of illegal border dealings.

Basically, however, the sluggish trade was attributable to the utter deterioration of the North's foreign exchange situation so bad that they cannot settle even trade payment, the source said.

Meanwhile, another source here said that as part of North Korea's desperate efforts to earn foreign exchanges, North Korea has produced imitation antiques such as Chinaware and paintings in large amounts for sales to South Korean and other foreign travelers to China.

Legislators on 'Unusual Current' in U.S. Ties

*SK1708082794 Seoul YONHAP in English 0758 GMT
17 Aug 94*

[Text] Seoul, Aug. 17 (YONHAP)—Members of the National Assembly Foreign Affairs and National Unification Committee Wednesday inquired into prospects for improved Pyongyang-Washington relations, the present state of Seoul-Washington coordination, and the issue of providing light-water reactors to the North.

The inquiries were made in an informal meeting of the parliamentary committee in the absence of Foreign Minister Han Sung-chu who is now touring the Scandinavian countries.

Despite the administration's repeated claim that "nothing is wrong in Seoul-Washington coordination setup," the lawmakers, both pro-government and opposition, contended that there existed an "unusual current" in South Korea-U.S. relationship. They cited the the

alleged discord between the two countries over such issues as the National Security Law and special inspection of nuclear facilities in North Korea.

Ruling party lawmakers called for linking the implementation of the South-North Korean basic agreement and the inter-Korean joint declaration on denuclearization of the Korean peninsula to the provision to the North of light-water reactors and improvements of inter-Korean and North Korea-U.S. relations. On the other hand, opposition representatives generally demanded that the administration adopt a forward-looking posture in dealings with the North without tying the nuclear and economic assistance issues together.

Lawmakers' queries centered on the need to readjust the coordination setup between South Korea and the United States and formulas for providing the North with light-water reactors.

Both ruling and opposition lawmakers expressed concerns that important as the outcome of the U.S.-North Korea high-level talks in Geneva is, the talks exposed loopholes in Seoul-Washington coordination over policies toward the North and the nuclear issue.

Reps. Pak Chong-su and Kim Tong-kun, both of the Democratic Liberal Party (DLP), alleged that the Foreign Ministry had not been informed in advance of the most sensitive portion of the U.S.-North Korea accord related to the establishment in each other's capitals of liaison offices. Claiming that the Foreign Ministry had been ignorant of that portion until the NHK of Japan broadcast it, the lawmakers requested that the ministry disclose the truth behind it.

Rep. Pak, alleging that Seoul and Washington were differing from each other in their approaches to the special inspection question, asserted that Seoul's basic stance calling for the transparency of North Korea's past nuclear activities had failed to be reflected in the Geneva accord. "Doesn't this indicate something is missing in the Seoul-Washington coordination system?" he asked.

Rep. Kim Tong-kun called on the administration to "realign Seoul-Washington coordination in preparation for a possible prolongation of the U.S.-North Korea talks."

Opposition lawmakers generally shared the view that something is amiss in coordination between Seoul and Washington.

Rep. Yim Chae-chung of the Democratic Party made issue with the coordination citing the fact that Foreign Minister Han conveyed "a strong protest" to the U.S. side over the controversy about the National Security Law, and that the U.S.-North Korea accord has caused lots of arguments.

Rep. Pak Chan-chong of the new Democratic Party charged that South Korea was a loser, while North Korea and the United States came out winners in the Geneva

talks. The Geneva accord announced last Saturday "gave a diplomatic victory to North Korea, and rendered it possible for the United States to extend the life of the Nuclear Non-Proliferation Treaty expiring in March next year," he said.

Also taken up by the lawmakers at the session were the issue of providing North Korea with light-water reactors, cost-sharing involved in it, and the direction of future policies toward the North in the wake of the improvement of relations between Washington and Pyongyang.

Rep. Pak Chong-su (DLP) suggested that the government, should the United States saddle Seoul with all the cost, reduce Seoul's burden to share in the cost of stationing U.S. Forces in South Korea.

Rep. Kim Tong-kun (DLP) asked how the government would counter if and when the United States wants South Korea to shoulder major portions of costs not only for light-water reactors, but also for alternative energies to be supplied to the North.

Rep. Ku Chang-nim (DLP) inquired into ways and means of raising the huge finance required for supplying light-water reactors to the North.

Rep. Yim Chae-chung (DP), supposing that the Washington-Pyongyang high-level talks are concluded without the problem of the North's past nuclear activities being settled completely, asked what would happen to the provision of light-water reactors which he said the government is linking to special inspections of undeclared North Korean nuclear facilities.

On the contrary, Rep. Namgung Chin (DP) urged the administration to boldly separate the proposed provision to the North of light-water reactors from special inspections, and adopt a forward-looking policy toward the North by linking the former with an inter-Korean summit meeting.

Rep. Yi Chong-chan (Ind.) said that normalized diplomatic relations between the United States and North Korea would soon be followed by Pyongyang-Tokyo normalization of diplomatic relations, which would turn the Korean peninsula into an arena of competition among the four powers - the United States, Japan, China and Russia.

"Lest these powers should pre-occupy economic exchanges with North Korea, the government should untie links between the nuclear issue and economic assistance and permit private enterprises to promote economic exchanges with the North," Rep. Yi asserted.

ROK-U.S. Plan To Conduct Military Exercise

*SK1708025694 Seoul YONHAP in English 0227 GMT
17 Aug 94*

[Text] Seoul, Aug. 17 (YONHAP)—A South Korea-U.S. joint command post exercise on computer screens will be held on Aug. 22 through Sept. 4, the Defense Ministry announced on Wednesday.

The two-week-long "ulchi-Focus Lens exercise" (ufl), which is a kind of map exercise using computer war game programs without mobilizing troops, will be participated by administrative offices of kun (county), ku (district) and above and military units of Army corps-, Naval fleet- and Air Force wing-class and above on the part of the South Korean side.

From the U.S. side, U.S. Forces Korea and subordinate units of the Eighth U.S. Army Command are scheduled to take part in the command post exercise.

The government used to hold the exercise from 1976 to 1989, but separated the exercise into two smaller exercises, Ulchi and Focus Lens, from 1991 through last year in an effort to foster a climate less detrimental to inter-Korean dialogue.

The government, however, decided to combine the two exercises into one from this year due to the judgement that the separation of the two exercises lowered the efficiency of the exercise.

Assistant Defense Minister Discusses SCM Talks

SK1708014594 Seoul YONHAP in English 0115 GMT 17 Aug 94

[Text] Seoul, Aug. 17 (YONHAP)—The U.S. Government has agreed, in principle, to ease its controls over South Korea's exports of U.S. technology-based military goods to third countries, a ranking Defense Ministry official said Tuesday.

In a press briefing on the recent sub-committee meetings of the Korea-U.S. Security Consultative Meeting (SCM) held in Hawaii, Assistant Defense Minister An Pyong-kil said Pentagon had promised to review positively Seoul's proposal that South Korea be allowed to export those items which are no longer produced in the United States without prior U.S. consent but with after-export notice to the U.S. Government.

The U.S. Government also made a commitment to positively study another proposal that in case South Korea asks for exports of items which are being produced in the United States, Washington give a reply as to whether or not it consents to such exports within 45 days of the request, he added.

Another Defense Ministry official said the U.S. Government had opposed South Korea's exports of even those items which are no longer produced in the United States for fear that such exports will result in decreasing the demand for new U.S. weapons.

Thus, the recent U.S. commitment is considered as a sign of change in U.S. policy toward South Korea's exports of U.S. technology-based items to third countries, the official remarked.

Since 1989 when the memorandum of understanding on exports of U.S. technology-based defense goods was exchanged between the two countries, South Korea has

asked for U.S. consent to 182 exports, of which only 25 or 14 percent have been granted the consent.

Especially since 1992, only two of the 101 South Korean export requests have been accepted, according to the ministry.

In the Hawaii meetings, the two countries agreed to revise part of the follow-up memorandum of agreement on logistic support for improved combat capability of the combined Korea-U.S. Forces in the case of war.

U.S. Firms Label South 'Unfair Trading Nation'

SK1308041594 Seoul THE KOREA TIMES in English 13 Aug 94 p 16

[By staff reporter Chae Hui-muk]

[Text] The U.S. concern Micron Technology and two economic organizations have complained that Korea is still an unfair trading nation in the fields of semi-conductors, fish and protection of intellectual property rights, the Korea Foreign Trade Association (KFTA) reported yesterday.

The two bodies are the Telecommunications Industry Association (TIA) and the Central Association of Fish Exporters (CAFE).

The three formally filed complaints with U.S. Trade Representative [USTR], timed with the revival of safeguards against priority foreign country practices (PFCP) of Super 301 aimed at retaliating against unfair U.S. trading partners.

The USTR received complaints from seven companies and business organizations until the deadline of Aug. 5 and it plans to announce PFCs based on the complaints.

Micron Technology only pinpointed Korea, saying that the Korean government has supported its semiconductor industry directly and indirectly and overlooks unfair and anti-competitive action of business conglomerates.

It also complained about a variety of import barriers and insufficient protection of foreign intellectual property rights in Korea.

In this connection, Micron called on USTR to take retaliatory action against Korea's unfair trading practices in accordance with Super 301 unless it rectifies the situation, KFTA officials said.

TIA mildly mentioned Korea's unfairness in telecommunications, after pointing out problems in the European Community (EU), Japan and Brazil.

It commented that the barriers to Korea's telecommunications market have been lifted considerably after a memorandum of understanding on telecommunications was signed by Korea and the United States in 1992.

But it claimed that there are still problems in the protection of foreign intellectual property rights and the

purchase by Korea Telecom of products made with stolen technology, the KFTA officials said.

CATE filed complaints with USTR on grounds that two of its members are located in the United States.

It noted that Korea's tariffs and non-tariff barriers are high, adding that South Korea is a great potential market although the current market volume is small.

In particular, CAFE pointed out as non-tariff barriers the import permission system, vague food safety standards, under labelling standards, inspection methods for imported goods and slower customs clearance.

Hungarian Ambassador: CSCE To Aid Asia Forum

*SK1608082194 Seoul YONHAP in English 0527 GMT
16 Aug 94*

[Text] Seoul, Aug. 16 (YONHAP)—The Conference on Security and Cooperation in Europe (CSCE) is already close-linked with the Asian continent and is ready to assist in forming security forum in the neighboring region, a CSCE envoy said Tuesday [16 August].

Amb. Istvan Gyarmati [spelling of name as received] of Hungary, next year's chairnation of the CSCE, welcomed South Korea's participation and contributions in the conference and emphasized the existing links between Europe and Asia.

"We have common concerns, such as non-proliferation," said Gyarmati in an interview with South Korean reporters, "We have one country who is both Asian and European—Russia."

"...With Russia, we have difficulties defining security posture for Europe without knowing what will happen in Asia," he said.

The Hungarian ambassador was invited here by the South Korean Government in a show of efforts to strengthen ties with the next CSCE chairnation. South Korea was accepted as a participation nation of the CSCE in June and is invited to the security forum's review conference in October and to the summit in December, both in Budapest.

South Korea is the second non-member participant. Japan gained entry in 1992.

Seoul's interest in the European conference lies in its ambition to formulate a security forum in Northeast Asia.

The Asian continent just got its feet wet in collective security, gathering foreign ministers of 18 nations to Bangkok last July for first such meeting.

South Korean foreign minister proposed the "Northeast Asia Security Dialogue (NEASD)" at the Bangkok Conference, a body that would be like a "mini-CSCE," according to him.

"We can share experience," Gyarmati said, naming Asia-Pacific Economic Cooperation (APEC), Association of Southeast Asian Nations (ASEAN), and the ASEAN Regional Forum (ARF) as counterparts of North Atlantic Treaty Organization (NATO), CSCE and the European Union (EU).

"It's important to know what mistakes we made that you can avoid," said the ambassador, "Why should you waste 10 years and create problems?"

One of the mistakes was wasting time trying to compete and failure to coordinate with other security forums of the region, such as NATO and the Council of Europe.

His advice to Seoul's ambition of forming NEASD is not lose the years getting mixed up in the red tape but immediately address concrete issues.

The other advice, he said, is to fully realize that these concrete issues cannot be settled overnight.

"It's a long evolutionary process," said Gyarmati, remembering how the CSCE members tries for past 20 years for naval reductions but had to give up.

Human rights would be another tough issues to tackle, said the ambassador, "You have to realize that countries have different attitudes."

On-hand experience says that in operating a regional security body, one has to know the skill of "compromise between patience and wasting time," he said.

*** Opposition Needs New Direction, New Leaders**

*942C0174A Seoul SINDONG-A in Korean July 94
pp 262-269*

[By Yi Pu-yong]

[Text]In our political reality, attachment to the existing system is as strong as the search for means to create change. Thus, political reform is impossible without a positive will to search for change. The new political generation speaks of the leading players capable of performing this task.

The staying power of Korea's political opposition, which has long endured dictatorial oppression and maintained the line of legitimate opposition parties, is considerable. Although there have been times when it disappointed the public, the political opposition in Korea has advanced tenaciously. Today's Democratic Party [DP] is the successor to this opposition tradition. The history of Korea's opposition parties is, in short, a history of a struggle toward democracy. Over the past 40 plus years, from the 1st through the 6th Republics, since party politics began in this land, our opposition parties have walked an extremely difficult road to retake democracy from dictatorial and authoritarian governments. It has been a rocky road, a thorny path. Today, voices are loudly criticizing the Korean opposition party's various limitations and problems. However, if it were not for the

opposition, it would have been difficult for Korea's democracy to have developed even this far. In reality, even if we only look at the history of the opposition since the late 1960's, we can see its sacrificial struggle played a tremendous role in advancing democracy in every crisis in modern Korean history; from its struggle against the Three-Line Constitutional Reform and its struggle to repeal the Yusin Constitution to the June [1987] Uprising. Beginning in the latter half of the 1980's, out-of-office politicians began to move to the opposition party in large numbers. With this, the opposition party took on a new form. This is thought to be an important point in the history of our country's opposition parties. This was an opportunity for the opposition party, which had been characterized as having a one-sided character, as a so-called "conservative opposition party," to profess itself to be a national political party, containing a variety of voices from all sectors and classes of society.

Since the 1970's, our country's opposition parties have operated as systems totally dependent on an absolute leader. It was universally understood within the opposition parties that to fight against the dictatorial regime and to make a change in government they had to deal with it centered around a strong leader. Displaying strong leadership, Korea's opposition was actually able to carry out an effective democratic struggle against the strong forces holding power. However, the present opposition party has lost this absolute leadership. It is experiencing difficulties due to a lack of ability to renew itself. Many people say the opposition party, or to put it concretely—the DP, appears weak. At a time when the government party is not doing a good job of conducting national affairs, there is a real need for a strong opposition party to perform its role. However, the DP gives the impression of frailty. This problem is in no way related to specific individuals. Its root cause is not to be found in who has resigned and who is presently leading the party. A more fundamental problem is that the opposition party has not yet been able to secure a stable, national base of support. In the past there was a firm support base for a specific political leader. However, it is clear now that the support base for the DP itself was very weak. As a result, we cannot hide the fact that the number one opposition party, unable to capture the public imagination with a new form or new vision, has fallen far away from the domain of public interest. Today it is experiencing the ill effects of its past dependence on an absolute leader and its inability to develop into a national party. If the number one opposition party cannot imbue in the public confidence in a change of government, it lessens the meaning of its own existence.

It is a fact that many have doubts about whether a change of government by an opposition party, in other words, by the DP, is possible. Switching back and forth so that it is unclear as to what is going on, the government party's management of national affairs is not promising. Yet many Koreans still hesitate to answer as to whether they would feel at ease entrusting the government to the number one opposition party. For the DP,

which has received the mantle of the legitimate opposition, and therefore is the keeper of the dream of changing government, this is unmistakably a difficult situation.

An Opposition That Has Lost Its Premium how, then, can our opposition party overcome such stagnation and be born again as a national party, leading a new era? Today, we are witnessing an enormous current of change flowing through the entire world. We are surrounded by a tremendous vortex of previously unimaginable change, such as the collapse of the Cold War system which had been maintained for over 40 years, the disintegration of the socialist world, the unfolding of new economic wars, the trend toward the formation of blocs, and rapid technological development. Amid these waves of worldwide change, our political environment also is changing. The greatest of the changes surrounding the opposition party is the fall of the dichotomous, democratic-vs-anti-democratic order of the past. Within the democratic-vs-anti-democratic order created during the past era of authoritarian government, opposition parties were understood to be on the side of democracy. They were able to get the active encouragement and support of the public for no other reason than that they were persecuted opposition parties. However, with the advent of a civilian administration and, although insufficient, a certain degree of progress in the democratization of society, the opposition can no longer monopolize the trademark, "Democracy."

The time has passed when it could get protection from the public or enjoy a premium just because it was called an opposition party. Now, a political environment is being formed in which the public objectively compares the government and opposition and renders impartial judgments on the opposition party as well. Now, unless it changes, the opposition party cannot survive either. How, then, must the opposition party change?

First, it must become a political party with a competitive edge. Long maintained in difficult conditions, our opposition party was weaker than the ruling party in various areas, such as policy and organization. Before coming out with policy and organization, they had to tackle politics with nothing but their bodies. This was an unavoidable limitation of the opposition in times gone by, times in which it had to concentrate its powers on the struggle for democracy. Now, however, the public will no longer look generously on the opposition party's situation, as it did in the past. The public demands an opposition party with competence in policy and the management of national affairs, with a firm base of support in each field and class of society, and which has clear vision and dependable policy rather than adjusting its vision and policy to fit what is popular.

An Open Opposition Party Leading in Participatory Democracy Second, it must be an open party taking the lead in an era of participatory democracy. As is symbolized by the words: Think Globally, Act Locally, the current of change surrounding us today is compressed

into the two propositions: globalization and localization. This trend is developing into the new order of our time, just before the 21st century. It is a new world spirit summarized by openness, decentralization, autonomy, and self-rule. If it is to live up to the demands of such an era, the opposition party must open up, taking the lead in an era of participatory democracy. It must not be authoritarian and closed as it was in the past. Now, politics no longer happen only in the National Assembly Building. Through computer communications and cable TV, we are becoming a society in which the public also participates in politics in the bedroom and the office. The public is tired of politics in which only politicians gather, speaking with only their own voices. Unless it carries on a dialogue and an exchange with people in all areas of society, the role of politics will inevitably shrink.

A closed opposition party is incapable of correctly understanding and digesting the demands of this enormous change. Also, with the decline of authoritarianism and the development of a citizen society, the expansion of citizen participation in politics is being raised as an important task. For example, subscribers to computer services, scholars, researchers at research centers, labor union officials, and members of citizens organizations all directly and indirectly convey and reflect their opinions in politics. Thus, gathering the voices of all areas and classes of society and eliciting their political participation is a responsibility that will have to be born by the opposition party. To achieve this, more than anything else there must be fundamental, internal reform. The new changes mentioned above will be impossible without the opposition party's own bold, internal reform. Steeped in a worn-out political culture, it must first find the resolve to change its ways. The success of internal reform depends on whether power can be decentralized in a party that has been managed in an authoritarian manner. The DP has established a tradition of choosing party leadership by competitive selection, as this writer and others have advocated. It also shows a new aspect of choosing its National Assembly [NA] floor leader through competitive selection. A democratic climate can be established in the opposition party in the future when NA vice speaker candidates are also elected in a NA general session and candidates for public office at all levels are selected through election by representatives in assemblies at all levels. The history of our political parties has been a repetition of changes in alignment between parties based on political interest, not line or policy. Political funding, rather than political convictions, has had a greater influence on political culture. Politics centered around factional leaders have brought authoritarianism. The opposition can change when it first resolves to reform all this and use new changes as a stepping-stone.

A New Political Generation Needed, who then, will be the one to take the risks? Who will set out to internally reform the opposition party, challenging the thick walls of political reality? This writer hopes to find the answer in the roles of a new political generation, for the rapidly

changing environment surrounding our politics demands its appearance. To whom does the term, new political generation, refer?

First, it is the political forces desiring to constructively overcome the established political order and create a new order. They conclude that it will be difficult for the established political order to handle changed public demands. They believe that if they are going to give the public new hope, they must create a new political order. Thus, the new political generation is made up of people with a positive desire to reform political reality. Our politics are still in a transition phase between the old and new political orders. The political world is not readily permitting a search for change. As fierce as is the search to create change, so is the tenacity that desires to protect the establishment. Therefore, unless positive will desiring to create change is united, political form is unlikely to be realized. The term new political generation speaks of those leaders who are capable of this.

Second, the new political generation is a political force acting with expertise. In the past, other than political convictions, no special expertise or policy-related abilities were required. However, with the pluralization and specialization of society, and as it entered the enormous current called globalization, expertise has come to be seen as very important for politicians. An era is unfolding in which it will be impossible to get the trust of the public without the ability to prepare for the nation's future in an age of rapid change. Together with administration and law, politics, as a non-educational sector in an international age, has been perceived as a backward field with the lowest level of competition in our society. Just because it is now the era of the Uruguay Round does not mean we can also import foreign politicians and have them run our politics for us. We look to the new political generation, which understands the expertise required by politics and works to achieve it, to lead our politics into tomorrow's era of competition.

Reform, Preparing for Unification Third, the new political generation is a political force with a future-oriented way of thinking that will set up a new political paradigm. What is required of us today is not a mere change in political technique, but a fundamental paradigm shift. It is their task to actively deal with the changes the world is going through as it approaches the 21st century and to search for the new role of politics within this changed world. Of course, a paradigm shift cannot be realized by the power of politicians alone. We can expect significant results only when the vertical structure between politicians and the public is broken down and a horizontal structure of exchange and cooperation is achieved. The new political generation will have to play the lead role in this movement.

Fourth, the term new political generation refers to all those people, including those in and out of politics, who will combine their strength for the creation of a new political culture. In an era of participatory democracy,

politics are not only for politicians, nor in actuality can they become so. Many people active in all sectors and classes of society form networks with the political world. Through these, they exercise direct and indirect influence on politics. A new political paradigm can have meaning only if it is created amid the lively participation of citizens. In this era, politics as a profession, as spoken of by Max Weber no longer has any meaning.

Fifth, the new political generation is a political force thinking of a post-unification, national management strategy. We can find the fundamental reason for the crippled nature of our past politics in the fact that they were a politics of division created under a system of division. Since the assassination of Kim Ku in 1949, a political culture of division has continued to the present. In it no one could survive as a politician without making a confession of faith that he was a pro-American, anti-Communist right-winger. Now, as preparation for unification, we must bring an end to these abnormal, hemiplegic politics with a politics of thinking about unification and of preparing for the life of the Korean people.

The realization of a greater politics that is not intent on securing immediate, factional interests, is truly another job that the new political generation will have no choice but to take charge. To bring out the new political generation, making them the main players on the political scene, there must be some progress in creating a force to lead the reform of our society. Leaving behind immediate interests, the task of forming a public consensus and creating a new force capable of leading the way in reform will fall to them. Of course, the need for such roles by a new political generation is not limited to the opposition party. It may be even more urgently needed by the ruling party, which is responsible for the management of national affairs. In its present state, however, it is difficult to expect such dynamism from the ruling party. Therefore, we intend to issue a challenge for the appearance of a new political generation beginning in the opposition party. Such a task cannot be achieved by the power of any specific generation. It must be accomplished by learning what can be learned and getting what help can be had from those with plentiful political administrative experience. In this sense, the roles of the new political generation are not exclusive in character. It is also their responsibility to work to gather the wisdom of all persons of like mind concerning the transformation of our political paradigm. Many people point out that the present administration lacked a philosophy in the reform it advocated. Thus, we need a philosophy concerning the fundamental objectives of the reform. Reform is not only so that we living on the southern half of the Korean Peninsula can live well. It is so that we can enjoy the values of democracy and prosperity with our North Korean compatriots as well, and create a healthy society in which we can pursue happiness. In this sense, reform is truly preparing for the unification of the Fatherland. Today, North Korea has no real significance to us as a national competitor. Considering this fact, we

must ceaselessly and strongly pursue our reform, viewing it as preparation for unification, without over reacting to North Korean attitudes.

Opposition Merger, recently the possibility of a merger has been discussed in opposition circles. Following the merger agreement by the United People's Party and the New Political Party [Sinjongdang] and the DP decision to pursue a merger of opposition parties, discussion of a possible opposition merger has become a new variable on the political scene. However, taking into consideration heterogeneous elements within the opposition, the question of an opposition merger at the present stage is inevitably very complex. In fact, there is a great danger that, instead of jumping to become the reform opposition party required by the current situation, it easily could stop by being a realignment of politicians in keeping with their factional interests. To stimulate public interest and expand the oppositions base of support, the merger should be pursued in a reform-oriented way. This writer believes the opposition merger recently being discussed within the DP should be achieved based on the following principles.

First, it must be a merger of pan-democratic-reform forces. A merger of only presently existing political parties is unlikely to be able to satisfy public hopes for a changed opposition party. It must be a merger in which the participants are fresh, reform-minded persons, not only from each political party, but also from citizens movements, from those out of office, and from groups of experts in all fields. We should not overlook the fact that even though somewhat difficult and time consuming, only this kind of merger can meet the public expectations and successfully inherit the legitimacy of legitimate opposition parties.

Second, it must be a reform-oriented merger. The present DP has a considerably reform-oriented and progressive platform. Only if the merger includes the complete acceptance of such a platform can it result in a reform-oriented opposition party. It must not be a reactionary merger that would return to the worn-out policies and party lines of the past.

Third, it must be a merger that elevates the moral character and credibility of the opposition. Some figures must be excluded from the merger who have been the subjects of public criticism for taking the lead in the oppression of democratic forces in the past, for amassing personal fortunes, etc. The great cause of democratic reform must not be discarded because a person is tied up in factional interests. At a time when he was out of office, this writer translated the work of French political thinker Alexis de Tocqueville, *Democracy in America*. The writer is reminded of this passage. If boatmen on a raft floating down a swift stream are enraptured by the beautiful scenery on both sides of the torrent, they will be swept down the impending waterfall. Upstream, the boatmen must perceive in advance the existence of the unseen and unheard waterfall, and prepare for it. Only

then can they go forward a little more swiftly. De Tocqueville foresaw the bloody confrontation between the European nation-states, newly arisen after the Napoleonic wars. He made the fearful prophecy that the European continent would be laid waste due to this confrontation, and that America and Russia would become its masters. These words also rebuke us for our foolishness. Held captive by the grudges and fixed ideas of an age gone by, we are unable to foresee the new world of the future. While we are shackled by the spirit of the age of division, the world is swiftly passing us by. To this point, we spoke of the problems of our opposition party. Of course, this is not about someone else. If there is a problem with the opposition party, then this writer, being a part of the party leadership, is not free from responsibility. Therefore, this has also been a confession of this writer's shortcomings, and a pledge to make up for those shortcomings in the future.

Internal Dissent Within Democratic Party Viewed

SK1408031494 Seoul THE KOREA HERALD in
English 14 Aug 94 pp 2, 3

[By Staff reporter Song Chung-tae]

[Text] Despite being senior lawmakers of the same political party, the appearance is as if they are not in the same party these days.

Yi Ki-taek, leader of the main opposition Democratic Party (DP), and Kim Sang-hyon, a DP adviser and Yi's strongest challenger for party leadership, have scarcely got together recently, hinting at an increasingly worsened antagonism between them over the party leadership.

The nine-member Supreme Council, the DP's top decision-making body, whose meetings are presided over by Yi, is open to advisers but is rarely attended by Kim these days.

While Yi has been busy taking steps to cope with a political crisis that he alleges was created by the Kim Yong-sam government, Kim has been meeting leaders of the other opposition party and touring provincial regions to meet deputies of the DP.

This difference in behavior of the two, however, has the same goal—to be elected as leader of the DP at next year's party convention.

At Friday's [12 August] news conference, Yi criticized the government saying it has recently created a sense of an impending political crisis and has attempted to suppress opposition and dissident figures in the name of national security.

His criticism against the government, among other things, was aimed partly at getting a group of reform-minded DP lawmakers led by Rep. Yi Pu-yong on to his side in preparation for the next year's party convention, where the new party leader is scheduled to be elected by deputies.

Yi Pu-yong, who is to go on trial Wednesday on charges of violating the National Security Law, is in danger of losing his parliamentary seat depending on the results of the trial and needs the help of his party.

Yi's news conference was also aimed partly at stimulating a merger with the other opposition camps, which has been deadlocked since the National Assembly by-elections, by winning dissident figures over to the DP.

The DP leader, who has headed his party with the help of the Tongkyodong faction, whose members are followers of the now retired opposition leader Kim Tae-chung, has regarded the merger of the opposition camps as stepping stone leading him to become leader of the merged opposition camps and their candidate in the next presidential election.

As the opposition merger has been deadlocked over the conservative stance taken by the minority opposition New People's Party (NPP), Yi tried to find common ground to win dissident figures over to the DP.

For this, he, at the Friday's news conference, could not help but to attack the government for blocking attempts by dissidents and student activists to hold an inter-Korean joint gathering and for arresting leading dissident figures in connection with the rally.

Yi paid a courtesy call on Kim Tae-chung yesterday on the occasion of the 21st anniversary of Kim's return alive from kidnapping. Kim was abducted by reportedly agents of the Korea Central Intelligence Agency, the predecessor of the Agency for National Security Planning, in Tokyo on Aug. 8, 1973 and brought forcibly to Seoul Aug. 13 of the same year.

In order to march smoothly toward next party leadership, Yi needs to show convention deputies that he is linked closely with the former opposition leader, who still has a powerful influence on the DP and the deputies despite his departure from politics.

In contrast, Kim, who unsuccessfully challenged Yi for party leadership at the party convention early last year, has continued his efforts to expand his power base in preparation for the next year's party convention. The party convention is scheduled to be held within May next year.

Kim, who leads the non-mainstream faction of the DP, visited yesterday former lawmaker Pak Chol-on of the NPP, who is currently now in jail, after a meeting with Kim Tong-kil and Pak Chan-chong, co-leaders of the NPP Tuesday.

While trying to downgrade an enhanced position of the DP leader after Yi played an important role in making his party's candidate win in Kyongju in the by-elections, Kim has attempted to improve his image by showing that he has tried to bring the split opposition parties under one flag.

Despite criticism inside the party that he is interested only in taking over party leadership, Kim has toured provincial regions, Kyongsang Province in particular, to meet and get DP candidates, who were defeated at the by-elections, and deputies over to his side.

Foreign Ministry Reshuffles KOICA Posts

SK1608015694 Seoul YONHAP in English 0114 GMT
16 Aug 94

[Text] Seoul, Aug. 16 (YONHAP)—O Haeng-kyom, dispatched to the Korea International Cooperation Agency (KOICA) from the Foreign Ministry, was appointed minister to embassy in India Tuesday.

Chong Sin, senior coordinator for planning and management, will replace him in the KOICA post while Song Nak-min was appointed to Chong's post.

The ministry appointed Sim Yun-cho to work at the presidential secretariat from Aug. 17 for one year.

Daily: Rediscounting System Hurts Money Policy

SK1308060394 Seoul THE KOREA TIMES in English
13 Aug 94 p 17

[Text] Despite the financial authorities' efforts to modernize monetary policy, Korea's monetary control system is regarded as far from efficient. One of the most outdated many control mechanisms is the Bank of Korea's [BOK] rediscount policy, providing loans to banks.

The BOK uses the rediscount facility as a means of controlling the liquidity in the market and directing its loans extended to banks to the industrial sector.

Through the rediscount policy, the central bank extends preferential loans to banks by rediscounting their bills bought from industries including marginal firms and agricultural concerns.

The recent upward movement of interest rates in the money market is the latest evidence of the inefficiency of the policy.

Market analysts and economists argue that the central bank should overhaul its liquidity control system.

The Bank of Korea also, well aware of the problems of its rediscount tool, is also raising its voice, seeking to rectify the obsolete mechanism.

The central bank has had to extend too much in loans through the rediscount window in order to finance the government-supported policy loans which have often caused undue money growth and increased inflationary pressures.

The central bank argues the extension of policy loans should be reduced on a gradual basis in order to help the rediscount policy regain its original function as a liquidity control vehicle.

In the name of supporting feeble industries, the central bank has been "forced" to unconditionally extend them huge amounts of funds by rediscounting bills offered by banks.

The BOK's outstanding loans extended through the rediscount window amounted to 12.68 trillion won at the end of 1991, rising to 16.04 trillion won in 1992 before dropping back to 14.99 trillion won in 1993 and 14.79 trillion won at the end of June, 1994.

The ratio of the central banks loans to depository money banks' total loans was 13.8 percent in 1993, far higher than the 1.1 percent in Japan, zero percent in the U.S. and 2 percent in Germany.

Korean banks have been very lax in strengthening their competitiveness partly because they have tended to depend heavily on the central bank's rediscount window, the BOK said.

Domestic banks can borrow loans from the BOK at rates 6.54 percent lower than they can from the call market.

In order to absorb the excess liquidity which was often caused by the central bank's loan extension, the central bank has had to issue monetary stabilization bonds (MSBs) at market interest rates.

But the issuance of MSBs also increases the central bank's burden. It had pay interest which amounted to 9.8 trillion won during the 1989-1993 period. Its outstanding issuance of MSBs at the end of 1993 amounted to about 24 trillion won. Excess issuance of MSBs is becoming another stumbling block to the central bank's efficient money policy.

This means the central bank's rediscount policy is causing a vicious cycle in which the central bank extends loans to banks and absorbs them later by issuing high-interest MSBs.

Daily: 53 Workers Fired Due to Railroad Strike

SK1408022194 Seoul THE KOREA HERALD in
English 14 Aug 94 p 3

[Text] Fifty-three workers of the Korean National Railroad (KNR) have been recently fired in connection with the general strike which left the nation's railroad network in a crippled condition during June.

The strike was led by Chonkihyop or an unauthorized group of train engineers and mechanics who demanded better working conditions and pay hikes.

KNR's disciplinary committee concluded 20 days of heated debates Tuesday [9 August] with the stern measure of sacking 53 workers including 47 Chonkihyop members. "They were dismissed for their roles in leading or vigorously participating in the strike," a KNR spokesman said yesterday.

KNR's action is viewed as heavier than before as a strike in 1988 ended with a dismissal of three workers.

The list of the fired included Chonkihyop leader So Son-won, 35.

The spokesman said the strike invited massive disciplinary actions involving 742 workers. Final decisions have not yet been made on how to punish the remaining 689. "Six among them are likely to receive heavy punishments, with 683 facing minor punishments ranging from wage cuts to reprimands," he said.

Profits of Major Firms Increase 'Drastically'

SK1408035194 Seoul THE KOREA HERALD in English 14 Aug 94 p 8

[Text] Profits of Korea's major listed companies increased drastically in the first half this year from a year ago, mainly thanks to a rise exports and domestic sales, a private economic institute said yesterday.

The combined operating income of 380 listed companies surged 62.8 percent during the period from a year earlier, while their net profits jumped 70.6 percent, the Daewoo Economic Research Institute said yesterday.

The businesses' total sales increased 16.9 percent in the first half over the same period last year, the institute said in an analysis of their management performance.

Samsung Electronics Co. topped the net income list with 285.6 billion won (about \$357 million), a whopping 408.3 percent rise from a year ago, followed by Pohang Iron and Steel Co. with 145.7 billion won, up 8.9 percent, and Cho Hung Bank with 120.9 billion won, up 150.7 percent.

In sales volume, Hyundai Corp. came first with 6,323.5 billion won (about \$7,904 million), up 24 percent over a year earlier, followed by Samsung Electronics Co. with 5,099.1 billion won, up 35.2 percent, and Daewoo Corp. with 4.1 billion won, up 7.8 percent, the institute said.

Of the nation's 543 listed companies whose '94 fiscal year ends in December, the analysis covered only 380 whose sales and profit figures for the first half were available as of yesterday. Two top performers, Samsung Corp. and the Korea Electric Power Corp. were excluded.

Manufacturing firms performed much better than non-manufacturing companies, the institute said. During the period, the combined turnover and operating profits of 287 manufacturers rose 17 percent and 92.5 percent, respectively, over last year while their net income skyrocketed 110.7 percent.

The total sales and operating earnings of the remaining nonmanufacturing firms increased 15.8 percent and 33.9 percent each, with their net profits posting a 34.1 percent rise, according to the institute.

The institute attributed the greatly-improved performance of the firms to a jump in exports resulting from

the continuing strong yen, the brisk national economy and subsequent rise in domestic sales and a drop in fixed costs.

Also cited was a decrease in financing costs, helped by stable interest rates.

By sector, makers of cars, electronics, petrochemicals and paper put up good performances.

POSCO Denies Report on Splitting, Downsizing

SK1408035094 Seoul THE KOREA HERALD in English 14 Aug 94 p 8

[Text] Pohang Iron and Steel Co. [POSCO] yesterday refuted a Wall Street Journal story on the company's splitting and downsizing as an "irresponsible report based on speculation, not facts."

In a written explanation sent to domestic news media, POSCO, as the state steel mill is known here, said that the ongoing managerial restructuring of POSCO by the Korea Development Institute (KDI) at the request of the government is mainly aimed at improving the company's operational efficiency.

Privatization of POSCO and changing the domestic steel supply system are issues to be studied as future possibilities, the company's release said.

The KDI's report is set to be completed by next February at the earliest, it said. "Even so, the Wall Street Journal reported as if the incomplete study would be the basis on which the government would decide POSCO's future."

In its Seoul-dated story of its Aug. 12-13 issue, the influential U.S. paper, quoting a KDI fellow, cited a few options to down-size the giant steel company, including the sellout of one of its two steelworks and disposal of its 20-odd subsidiaries.

Included in the list of affiliated businesses to be disposed of, as cited by the paper, was Sinsegi Mobile Communications Co., which POSCO recently obtained in a tough competition with other rivals, as part of its diversification scheme.

The paper went on to say that to avoid splitting, the company may consider giving up the mobile phone project.

Meanwhile, the KDI said that the state-run think tank has not made any interim report of POSCO and is only examining all possibilities, along with their advantages and disadvantages.

Daewoo's Chairman 'Secretly Visited' DPRK

SK1308073194 Seoul CHOSON ILBO in Korean 13 Aug 94 p 2

[By correspondent Kim Yon-kuk in Yanbian]

[Text] It has been learned that Kim U-chung, chairman of the Daewoo Group, secretly visited North Korea early

last July immediately before Kim Il-song's death. A well-informed source on North Korean affairs stated on 12 August: Chairman Kim visited North Korea immediately before Kim Il-song's death, and discussed with senior North Korean officials about going ahead with the joint venture plant project in Nampo—which had been suspended because of suspicions over North Korea's nuclear program—and with investment in the Najin-Sonbong special economic zone.

Daewoo Considers Suit Against Multinational Body

SK1308041694 Seoul THE KOREA TIMES in English
13 Aug 94 p 16

[Text] Daewoo Heavy Industries is considering lodging a suit against the multinational enterprise GEC-Alsthom for its failure to deliver parts used in subway electric cars on time.

According to a company spokesman, Daewoo, which was chosen as the supplier of electric cars on Subway Line 4 in Seoul, has paid some 2.1 billion won in penalties to the Office of Supply because it failed to deliver them on time due to a lack of the parts supplied by GEC-Alsthom, a merger of GEC of the United Kingdom and Alsthom of France.

Daewoo was scheduled to hand over seven trains to the Office of Supply by June 23 but delivered only two, thus paying penalties to the government agency in accordance with its contract. Each train comprises two engine cars and eight passenger cars.

The agreement stipulated that Daewoo would pay 0.15 percent of the contracted prices per day to the Office of Supply if it failed to deliver the trains on time.

The spokesman said that Daewoo called upon GEC-Alsthom to compensate it for the penalty charges because of its failure to supply parts on time.

If GEC-Alsthom does not comply with the demand, Daewoo plans to file a suit against it, he said.

***Factories Encounter Inadequately Trained Students**

942C0170B Seoul NAEWWOE TONGSIN in Korean
26 May 94 pp f1-2

[Text] The lack of professional ability and technical knowledge found among graduates of North Korean colleges of engineering, is causing operational problems for factories and industry in that region. This includes engineering graduates from Kim Chaek College of General Engineering.

According to testimony of recent defectors from the north, factories and industries all over North Korea are experiencing difficulty coping with the problem of retraining engineering graduates. The deficiency of specialized knowledge is especially noted as a cause for accidents in factories, and at the second economic

committee meeting, it was noted that at the Advanced Weapons Factory, the new placement of engineering graduates in itself was becoming a problem.

Furthermore, factory and industry technical management complain that "recently assigned engineering graduates lack even basic knowledge and therefore are impossible to work with," while the engineering graduates protest that "technical levels in the factories are too high and make work difficult."

Defectors believe that the fundamental cause for this North Korean problem is the fact that the college admission system is replete with contradictions, various irrationalities and is not based upon ability. Another reason is the lack of high level technical training in North Korean engineering colleges.

For example, without the party's approval and recommendation one is not permitted to take a college entrance examination, and the process of obtaining the party's permission necessitates a great deal of bribery.

Also, the grading scheme to determine pass or fail for the entrance exam is based: 1/3 upon family background, 1/3 upon participation in social groups, and 1/3 upon entrance exam score. This illustrates the fact that college entrance is based upon the applicant's parent's occupation and party loyalty as opposed to individual ability. A significant number of students lack college math skills and therefore find university level science and technology courses difficult.

Because of this, it is said in factories and industry that: "Grades mean nothing, only children of party officials can attend college and therefore not much is expected of engineering graduates..." thus revealing distrust in college education.

It is indicated that along with flaws in the college entrance system, an unsound curriculum, and requirements that students give first consideration to ideological studies are further cited as reasons for low technical ability.

The majority of college engineering students worry that if they are unable to obtain the party's trust, after graduation they will be placed in undesirable assignments, such as those available at coal mines. It is for that reason that students concentrate on scoring high marks in courses such as: "Refined Political Ideology", and "Life in the Party" rather than upper level science, or technology studies.

Meanwhile, according to data concerning North Korea, a study of the composition of successful candidates of the college entrance exam revealed the following percentages: only 10 percent of successful applicants received recommendations from the principle of their high school, 70 percent had completed required military service or were currently serving, and were recommended by the military's Communist Party Committee on College Recommendations, and 20 percent of those admitted were workers who were recommended by the Communist Party Committee on College Recommendations.

Burma

Diplomatic Ties Established With Cambodia

*BK1608035994 Rangoon Radio Burma in Burmese
0130 GMT 16 Aug 94*

[Text] The Government of the Union of Myanmar [Burma] and the Government of the Kingdom of Cambodia, in conformity with the interests and desire of the people of the two countries, have decided to establish diplomatic relations at the ambassadorial level from 16 August 1994.

The two governments have agreed to develop friendly relations and cooperation on the basis of the Five Principles of Peaceful Coexistence and the principles enshrined in the United Nations charter.

NLD Members, Three Others Arrested

*BK1608130094 London BBC in Burmese to Burma
1345 GMT 15 Aug 94*

[Commentary by Derek Brooke-Wavell]

[Text] At least five people have reportedly been arrested in Rangoon, although there has been no official confirmation. Two of the five are National League for Democracy [NLD] MP's who were elected in the 1990 elections.

The first to be arrested was reportedly Dr. Khin Zaw Win, a dentist. He was arrested at Rangoon Airport during the first week of July. Dr. Khin Zaw Win is writing a masters thesis on Burmese politics, with government permission, on a scholarship from Singapore University. It is believed that he was arrested at Rangoon Airport as he was about to leave for Singapore when a search of his luggage revealed documents critical to the government. He is still being detained; not at Insein Jail, but at one of the intelligence units on Kaba Aye Pagoda Road. It has been learned that he was allowed to meet his wife about 10 days ago and write to his son in Singapore. His health is reportedly good.

The arrest of two NLD MP's—U Khin Maung Swe and U Sein Hla U—is believed to have taken place on 4 or 5 August. U Sein Hla U is known as a journalist. Another person arrested was Daw San San Nwe, a well-known writer known by her pen name—San San Nwe of Tharawaddy. U Khin Maung Swe and U Sein Hla U have been arrested and sentenced previously. Daw San San Nwe was also detained for a considerable length of time before being released. This time she was arrested along with her daughter.

There have been no official reports on these arrests, although there has been some speculation about the circumstances. Some say the arrests are related to documents found in Dr. Khin Zaw Win's luggage. Clearly the Burmese Government's policy is contradictory. While on the one hand it makes concessions and creates the impression of a peaceful situation, on the other hand it maintains oppression. The arrests signal that the chances

for attaining major rights and freedoms remain remote. It is remarkable that the arrests took place in Rangoon; normally efforts are made to create the impression of stability in the capital for foreign visitors. Oppression is usually more in evidence in the new remote townships that remain under the tight control of local commanders.

Two Karen Rebels Surrender With Arms

*BK1508151294 Rangoon Radio Burma in Burmese
1330 GMT 15 Aug 94*

[Text] Members of terrorist insurgent organizations who have come to realize their wrongdoings and have accepted the work being undertaken by the State Law and Order Council and its genuine goodwill, have been giving up their armed struggle and continuously surrendering with their arms and ammunitions at military camps.

Privates Maung Win, 29 years, son of U Tin Win, and Lwin Kyi, 21 years, son of U Thein Han, from the Karen insurgent organization's first brigade, surrendered with one AK-47 assault rifle, 13 magazines, 18 rounds of AK-47 ammunition, one M-16 automatic rifle, two magazines, and 55 rounds of M-16 ammunition, to the Kyatthaungzeik camp on 24 July. They were welcomed by responsible personnel.

Cambodia

Thailand Threatens To Expel Envoy Roland Eng

*BK1708041594 Phnom Penh THE CAMBODIA DAILY
in English 12 Aug 94 p 7*

[Report by James Kanter: "Ambassador Roland Eng Threatened: State News"]

[Text] In a bitter attack on Thai influence over Cambodia, the Cambodian state news agency AKP (Agence Khmer-Presse) yesterday accused Bangkok of threatening Cambodia's ambassador to Thailand, Roland Eng, with expulsion.

"Recently Thai General Charan Kunlawanit, head of the Thai National Security, has...threatened to expel Khmer Ambassador from Bangkok," an AKP commentary entitled "Cambodia and Thailand" said. AKP gave no further details of the threat.

Roland Eng, brother of co-Premier Prince Ranariddh's wife Princess Marie, presented his papers of accreditation to Thailand's King Phumiphon Adunyadet less than a month ago.

Thailand's ambassador here, Sakthip Krairoek, reached by telephone yesterday afternoon, declined direct comment about yesterday's article.

But he said that relations between the neighbors were "very good" following meetings Wednesday, 10 August, over the fate of the 14 Thais held in Phnom Penh in connection with the July 2 coup attempt.

"I've got a copy of the AKP article right here on my desk. But I think everyone knows that our two governments decided that there would be no accusations after Wednesday's meetings so I will not be able to comment on this article," he said.

The AKP report also accused the Thais of continued trade with the outlawed Khmer Rouge and "maneuvers" designed to "disintegrate" the Royal Government.

Second Prime Minister Hun Sen, who had left for Beijing, and Foreign Minister Prince Sirivut could not be reached for comment yesterday. But other top officials denied any direct government link with the report.

"You will realize that relations are quite stable after our meeting with the Thais yesterday (Wednesday) so this definitely did not come from the First Prime Minister's office," a leading advisor to Prince Ranariddh told THE CAMBODIA DAILY yesterday.

Ranariddh: Nation Needs U.S. Humanitarian Aid

BK1708061994 Phnom Penh CAMBODIA TIMES in English 14-20 Aug 94 p 4

[Text] Phnom Penh—The nation needs American aid, especially humanitarian aid, as such aid will enable the Royal Government to help the masses in national reconstruction.

In addition to this, humanitarian aid will also enable the planning of national development and help raise the living conditions of the local people.

First Prime Minister Prince Norodom Ranariddh, when saying this to Stanley Roth, President Bill Clinton's National Security Adviser for Asia, also pointed out that the nation hopes to obtain an observer's status with ASEAN soon.

Prince Ranariddh also called on the signatories of the October 23, 1991 Paris Peace Accords to help the nation in its efforts at national rehabilitation and reconstruction.

Roth was also informed of the country's progress in the field of democratisation and peace and was conveyed the Royal Government's appreciations for the aid extended by the United States in maintaining peace in this country.

Roth said that the ASEAN countries had expressed their concern and have paid attention to the situation here. They have tried to do their best in making the nation an advanced and peaceful country. At the meeting with Prince Ranariddh, United States Ambassador here, Charles H. Twining pledged America's continued assistance, especially in the fields of military training and human development. Meanwhile, the United States Under Secretary of State for East Asian and Pacific Affairs, Winston Lord said that Washington has not ruled out the provision of lethal military assistance to the

country. However, such military assistance is dependent on the nation reviewing the effectiveness of its current non-lethal military support.

"We are already providing non-lethal military assistance such as training and demining. Whether we provide other kinds of military assistance will depend on how effective the reforms in training is," said Lord.

He added that multilateral co-ordination of military assistance to the Royal Cambodian Armed Forces would be centred in the city here where consultations among envoys of the concerned countries were taking place.

He said that the United States would continue with its humanitarian and economic assistance to the Royal Government because "if you improve the lives of the Cambodian people, then the Khmer Rouge cannot pose a political challenge."

Israeli Delegation Discusses Investment

BK1608131194 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 16 Aug 94

[Text] An Israeli Chamber of Commerce delegation led by His Excellency (Avraham Braz), chairman of the Israeli Commercial Association in charge of the Asian Section, held a news conference at the Diamond Hotel on the afternoon of 15 August to discuss Israel's desire to invest in the Kingdom of Cambodia.

During the news conference, the delegation stressed Israel's desire to invest in various domains in Cambodia, particularly in the commercial, industrial, and agricultural fields. During the first stage, Israel will send commercial, industrial, and agricultural specialists to provide technical training to the Cambodian people before moving on to the construction of manufacturing plants. The delegation added that Israel has already prepared human and material resources for this project; it is waiting to hear which sectors the Royal Government of Cambodia wants Israel to invest in. Israel will then act immediately, except for investments that require the Israeli Government or Israeli companies to invest a lot of capital.

Regarding investments in foodstuffs and the Phnom Penh sewage system, Israel said it will send chicken specialists in the near future to share chicken raising techniques with the Cambodian people. Later it will start building a factory to process chickens. This should meet local needs as well as export requirements. On the sewage system, the delegation said that Israeli companies will not be able to start in the near future because of a lack of construction capital as well as environmental concerns.

The delegation asked that the Royal Government facilitate getting the paperwork for investing in Cambodia done in a very short period of time.

Government General Views Khmer Rouge Activities

*BK1708104994 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 15-16 Aug 94 pp 1, 3*

[Text] General Heng Khamvan, acting commander of the 1st Military Region disclosed that at present between 800 and 1,000 Khmer Rouge troops are operating in the 1st Military Region, which is comprised of Ratanakiri, Mondolkiri, and Stung Treng Provinces. These forces include those from three divisions. Division 709, which includes Regiments 65, 66, and 67, operates in Stung Treng Province on the west bank of the Mekong River; Division 105 operates from Mondolkiri to Ratanakiri Provinces; and Division 920 operates in Mondolkiri Province and carries out robberies along waterways and Route 13. Altogether, the Khmer Rouge have committed 104 attacks on villages and communes and robberies in 1994.

Heng Khamvan also said Khmer Rouge activities are more savage than before. It was noted that insecurity reigns in remote areas west of the Mekong River adjoining the border of Stung Treng and Preah Vihear Provinces where the Khmer Rouge came to people's villages and met villagers in rice fields. Khmer Rouge activities consist of coming to villages and communes, threatening our people, and dismantling the local administration comprised of village and commune heads. The Khmer Rouge then set up their own administration; anyone opposing this immediately is killed. These brutal activities terrorize the people, who are compelled to cooperate with the Khmer Rouge, in these areas.

Heng Khamvan further said the terrain in the 1st Military Region is very favorable for Khmer Rouge activities because it is covered with forest and only has a small population. He said this has enabled the Khmer Rouge to build military bases and consolidate their forces. The Khmer Rouge, who number between 800 and 1,000, presently are hiding in the Chong O Lalai area because this is their backup zone during the struggle in the 1970's. The Khmer Rouge are returning to their old camp.

Brigadier General Chan Kimseng, Stung Treng provincial police chief, said the province focuses on providing security to the people living in those remote areas and on restoring stability. In cooperation with the Khmer Royal Armed Forces in the 1st Military Region and the auxiliary forces of Stung Treng Province, the Stung Treng provincial police have carried out operations to sweep up the bandits and have forced them out of the area in many places. They also have uncovered hundreds of Khmer Rouge weapons.

Heng Khamvan also stressed that the goal of the 1st Military Region is to make efforts to control the thousands of village and commune militiamen in those areas. It has set up posts in a number of important points such as Chamka Leu, Anlung Phe, Anlung Chrey, and some other points in Stung Treng Province.

Wherever the troops are stationed, arms should be provided to the local population and militiamen to enable them to defend their localities by themselves.

People Said Demanding Government Step Down

BK1708023794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 16 Aug 94

[Station editorial]

[Text] Masses from all circles in Phnom Penh, including students, pupils, professors, traders, and workers, believe that the two-headed government must end its role immediately and that it must leave office because it betrays the nation and acts as a tool of communist Vietnam and the alliance of villains—the United States, Australia, and France—in continuing to kindle aggressor Vietnam's war to kill the Cambodian nation and people. A genuine national government should also be established with the participation of all national forces. Only by doing so can it truly represent the Cambodian nation and people and can all large and small national and social problems, especially the problem of four million Vietnamese nibbling at Cambodian territory, be resolved.

It is said that since its birth, the two-headed government has not solved any national and social problems caused by the Vietnamese aggression against Cambodia. This situation has deteriorated even more seriously and is leading to the extinction of the Cambodian nation and race through annexation by communist Vietnam.

Take a look at the aggressor Vietnamese forces—they are everywhere. They are everywhere to command and manipulate their puppets from top to bottom, including military, civilian, legislative, and executive organizations. Vietnamese nationals have continued flowing in from 1979 to [words indistinct]. Even after the two-headed government was formed, the Vietnamese have continued flowing in because the two-headed government is actually an out-and-out puppet of communist Vietnam.

The two-headed government opposes national reconciliation and peace and enacts fascist and dictatorial laws against national reconciliation to arrest, detain, and kill anyone who opposes the continuation of war and corruption. The two-headed government has opened the border to allow Vietnamese to move in and out of Cambodia at will in order to plunder and muster the property of the Cambodian nation and people. On the eastern border, both at sea and on land, the communist Vietnamese have ordered their puppets to nibble a large part of our territory in the areas stretching from Ratanakiri Province to the coast in Kampot Province. In some areas, they have intruded on our border 30 to 40 kilometers deep inside our territory.

There are millions of beggars now because poverty is menacing our people every day. Illicit checkpoints where

people are robbed and killed have been set up everywhere. Students are jobless after graduation and have been recruited and sent to fight and die on behalf of the two-headed elements. The people are poor and suffering and they have been forcibly recruited as soldiers and militiamen to fight and die in misery.

The people and masses oppose and continue to condemn the two-headed elements for these crimes and acts of treason against the nation. This is why there have been movements against the two-headed elements. The people have even demanded that the two-headed elements step down, putting an end to the two-headed government, and that a genuine national government be set up with the participation of all national forces to rule the country as a real representative of the nation and people. Only by so doing can all of the above-mentioned problems be resolved successfully.

Army Spokesman Outlines Reform Plans

BK1708095294 Phnom Penh CAMBODIA TIMES in English 14-20 Aug 94 pp 1, 2

[Report by T. Mohan]

[Text] Phnom Penh—The Royal Cambodian Armed Forces (RCAF) is ready to begin reforms in its operations, strength, structure and other aspects.

This is in line with the need to conform to the needs of a professional army in an attempt to streamline operations as well as to facilitate foreign aid.

The four stage reform plan is currently being drawn up by the army's General Staff headquarters and is expected to be implemented in stages.

The first stage, already in motion, involves the operational reform of the RCAF. This is expected to be completed by the end of this year.

The second stage involves the reduction in ranks of an estimated 2,000 generals to less than 100 and possibly even as low as 50 if some proponents of the suggestions were to have their way.

The third stage consists of restructuring the armed forces into four sections. They are: the Commandos or Special Forces, the Rangers, the Anti-Guerrilla Forces and the Regular Forces.

The CAMBODIA TIMES has reliably learnt that the Special Forces will comprise of men from the current territorial army. They are expected to be retrained for specialized missions in a smaller but tightly knit RCAF.

The fourth stage of the reform plans calls for the restructuring and revision of salaries, ranks and other aspects related to the efficiency of the RCAF. This includes new barracks, equipment such as weapons and ammunitions, and uniforms.

In confirming these reform plans, Lt. General Proch Bunthol, the Deputy Chief Cabinet of General Staff and

spokesperson of General Staff told The CAMBODIA TIMES: "The reforms and restructuring of the RCAF is dependent inter-alia with the threat posed by the Khmer Rouge guerrillas and international aid to the RCAF.

"The reforms could, if not properly planned and executed at the right time, pose morale problems and affect the fighting capabilities of the RCAF."

"The RCAF men are not well paid or well equipped. As such, a lot depends on their dedication and their will to fight to defend their country. Given this circumstance and the existence of the Khmer Rouge threat, particularly along the border, it is incumbent for reforms to be relevant to this threat," he said.

Reforms which would bring about demobilization of an estimated 60,000 RCAF personnel over the next three years and the reduction in ranks of generals would be executed by the National Assembly.

"Demobilized soldiers are expected to be given or taught new skills which will enable them to earn a living for themselves and their families."

The CAMBODIA TIMES learned that the 2,000 generals will be reduced initially to less than 200, then to a mere hundred and eventually the RCAF is expected to have less than 50 generals.

The reduction in ranks however does not affect their current positions within the RCAF, which has an estimated 130,000 men under its payroll. The reduction is expected to basically involve the downgrading of generals by one rank in principle.

The reduction in ranks of the generals will lead to a weeding out of numerous politically appointed generals. These appointments were normally made as a gesture of appreciation for loyalty to party politics and others.

The generals, however do not nor have ever commanded any army and do not have any men under them.

It has been reliably learned that battlefield experience and related aspects will be used as one of the yardsticks for the "degeneralisation" exercise.

"The RCAF will have professional, competent and career generals when the 'degeneralisation' exercise is completed. We will have a smaller army with capable generals and leaders. We will also be adequately equipped and compensated. We will be a professional and disciplined army," said General Bunthol.

"Since the pre-requirement of donor countries is for the reform of our army and the streamlining of its operations, we will be doing just that. However, we do not have to wait for the donor countries to commence the reforms."

The reform exercise is expected to be well received by the masses and the armed forces as it means improved compensations, training and housing.

Government Denies Reports of Prison 'Atrocities'

BK1708053994 Phnom Penh THE CAMBODIA DAILY in English 15 Aug 94 pp 1,7

[Article by Robin McDowell: "Interior Minister Denies 'Secret Prison' Cover Up"]

[Text] The Minister of Interior expressed outrage yesterday at press reports that the government tried to cover up atrocities performed by military officers in the "secret prisons" in Battambang—or that it was dragging its feet in investigations.

"We were not told anything until three months ago," Yu Hokkri told THE CAMBODIA DAILY yesterday. "Then boom, in a blue moon they (the press) throw the reports at us and blame us, saying we didn't do anything."

UN investigations on the secret prisons, known as Chheu Khmau, have been going on for over a year, he said, but until recently the government was left in the dark.

One informed source, however, claims that the government has been kept abreast on the investigations "much longer."

A military intelligence unit—comprised of high-ranking officers of the Special Intelligence Battalion of the Fifth Military Region—has illegally abducted and detained 16 people since November and has participated in at least 35 executions since August 1993, according to human rights organization Amnesty International.

Accounts of the gross human rights abuses taking place in the illegal detention center were published by the FAR EASTERN ECONOMIC REVIEW last week. The information was obtained in part from a confidential UN report.

Though accounts of illegal detentions, abductions, assassinations, and torture in Chheu Khmau have been reported by THE CAMBODIA DAILY since June, the FAR EASTERN ECONOMIC REVIEW gave an in-depth account of the atrocities, including the revelation that military officials occasionally mutilated its victims, thereafter cooking and eating the body remains.

Two of the prisoners from Chheu Khmau are still unaccounted for and one UN official said he fears the victims are still under the control of the military intelligence unit.

"Our concern is with the remaining hostages," the UN official said. "But the government's concern is shame, embarrassment."

Articles detailing the reign of terror conducted by the military intelligence unit have appeared in the international press in recent days, including THE NEW YORK TIMES, THE WASHINGTON POST, and THE INTERNATIONAL HERALD TRIBUNE.

The UN Secretary-General's Representative here, Benny Widyono, said: "I am worried that the delicate investigation going on as result of representation by senior government officials and Kirby could be jeopardized by this premature disclosure."

During a visit to Cambodia last month, the UN Special Representative for Human Rights in Cambodia, Justice Michael Kirby, met Co-Minister of Interior Sar Kheng to express his condemnation of the prisons in Chheu Khmau.

Foreign Firms To Pay Tax on 1st Year of Profits

BK1708062594 Phnom Penh CAMBODIA TIMES in English 14-20 Aug 94 p 11

[Text] Phnom Penh—A corporate tax exemption of up to eight years depending on the characteristics of the project and the priorities of the government will be mentioned in a Sub-Decree which differs from the newly approved Investment Law.

The Law On The Investment of The Kingdom of Cambodia's Chapter 5, Article 1 states that the corporate tax of nine percent shall take effect from the year the project derives its first profits. A five-year loss carried forward shall be allowed. In the event the profits are being reinvested in the country, such profits shall be exempted from all corporate tax.

The incentives offered by the new investment law include a corporate tax of nine percent, except for the tax rate on the exploration and exploitation of natural resources such as oil, gold, and precious stones which shall be set out in separate laws.

The tax rate laid down by the former State of Cambodia Government ranged from 15 to 20 percent while the taxation levy imposed by the Ministry of Finance and Economy is 20 percent.

Non-taxation on the distribution of dividends or profits or proceeds of investments, whether they will be transferred abroad or distributed in the country, is also provided for in the Investment Law.

Sub-Article four of Article 14 states that a 100 percent import duty exemption on construction materials, means of production, equipment, intermediate goods, raw materials and spare parts used by specified industries will also be applicable.

They include an export-oriented project with a minimum of 80 percent of the production set apart for export and located in a designated Special Promotion Zone listed in a development priority list issued by the Cambodian Development Council (CDC), tourism industry, labour intensive industry, transformation industry, agro-industry and physical infrastructure and energy industries.

These 100 percent exemption of duties and taxes mentioned above shall be in effect according to the terms of

the agreement or requirement book of the investment projects which will produce goods for export in minimum of 80 percent.

Besides the kinds of investment projects specified earlier, 100 percent tax exemption shall only be authorised for an arrangement of the construction period of enterprises, factories, building and the first year of operation of business production.

A 100 percent exemption of export tax if any, and the permission to bring into the country foreign nationals who are management personnel and experts, technical personnel, skilled workers and spouses and dependents of the personnel are allowed for under the Investment Law.

The Law also states clearly that the approval and incentives granted by the CDC shall not be transferred or assigned to any third parties.

New Law Allows Citizens Only To Own Land

BK1708063994 Phnom Penh CAMBODIA TIMES in English 14-20 Aug 94 p 11

[Text] Phnom Penh—In accordance with the Constitution and relevant laws and regulations pertaining to the ownership of land, ownership for the purpose of carrying out investment activities shall be vested only in those persons or legal entity of Cambodian citizenship.

A legal entity is one in which more than 51 percent of the shares are owned by Cambodian citizens.

Use of land shall be permitted to investors, including long-term lease of up to a period of 70 years, renewable upon request. Such use may include the right of ownership of real and personal property situated on the land as may be permitted by the law.

The newly approved Investment Law allows investors here to be free to hire local nationals and foreign nationals of their choosing in compliance with the labour and immigration law.

The investors shall be allowed to hire foreign employees who are listed in Article 14 of the said law.

This will be possible provided that the qualifications and expertise are not available in this country among the local populace. In the event of such hiring, appropriate documentation including the photocopies of the employees passport, certificate and a curriculum vitae shall be submitted to the Cambodian Development Council (CDC).

Investors shall have the obligation to provide adequate and consistent training to the local employees and promotion of local staff to senior positions will be made over time.

Foreign employees shall be allowed to remit abroad their wages and salaries earned in the Kingdom after payment

of appropriate taxes, in foreign currencies obtained through the banking system.

Indonesia

Timor Resistance Sees More Antiguerrilla Moves

LD1608222294 Lisbon Radio Renascenca in Portuguese to Europe 2100 GMT 16 Aug 94

[Excerpts] [Unidentified announcer] Indonesian troops have launched an operation in the mountains of East Timor. Konis Santana, the present leader of the East Timorese resistance has smuggled a letter out of the country saying that the manhunt against the guerrillas has been stepped up. [passage omitted]

The letter from Santana came from Dili and was received today by Ramos Horta [the resistance's top representative abroad].

[Begin recording] [Horta, on the telephone] I have the letter from commander Konis Santana right in front of me. It was carried by hand to Darwin and...

[Unidentified correspondent, interrupting] What, specifically, does the letter say? Are you able to tell us?

[Horta] Commander Santana speaks of a military operation that has been going on for several weeks, using mainly helicopters, in the central region, the central mountain range, and also in the region of Los Palos. There is a very strong Indonesian military presence in Baucau and east of Baucau. [end recording]

[Announcer] Ramos Horta said that the repression continues even after Jakarta's acceptance of the Bishop of Dili's proposals for dialogue. Dom Ximenes Belo has called for direct talks on the future of the territory between Indonesians and Timorese. Ramos Horta believes the Suharto regime is playing for time and pretending to be interested in dialogue, hoping this will cause an easing up in international pressure.

[Begin Horta recording] Jakarta is playing for time. On the one hand it is trying to put across an image of moderation and flexibility, of wishing to engage in dialogue with the Timorese, but, on the other, on the ground, it continues to do all kinds of damage with military offensives and human rights violations.

Because of the pressure from the United States, the EU, and also, to a certain extent from Australia—for Australia has slightly changed tack and is now pressuring Jakarta—the Indonesian authorities are trying out a new line, saying they want dialogue. [passage omitted]

I have been trying to contact Dom Ximenes Belo, who as it happens is not in Dili at the moment, to ask him formally to put his peace proposal to the United Nations, to Portugal, to the Vatican, the United States, and the European Union, so that they may bring pressure to bear

on Indonesia. We cannot, at this stage, ignore Dom Ximenes Belo's peace initiative. [end recording] [passage omitted]

Armed Forces' 'Closeness' to Society Noted

*BK1308105694 Jakarta MERDEKA in Indonesian
1 Aug 94 p 6*

[Editorial: "ABRI Is Getting Closer to Society"]

[Text] Signs which show that the ABRI [Indonesian Armed Forces] are paying more attention to the people's interests were clearly observed at the "Seminar on the Technology and Safety of the Nuclear Electricity Generating Plant and the Second Nuclear Facility" held at Serpong, West Java last Tuesday. Addressing the seminar, Suwahdi [military representative of the head of the Technology Research Development Board] read a statement by Brigadier General Gunadi of the Indonesian Armed Forces, head of the Technology Research Development Board (BPPIT), the latter coming under the patronage of the Defense and Security Department. The press viewed positively certain excerpts taken from Gunadi's statement which linked several primary factors in determining the total utility value of building a nuclear project for commercial purposes.

The first factor concerns operational security in the establishment of a nuclear electricity generating plant. The second involves the location of the nuclear plant. While the third condition is the upholding of laws providing overall assurance, security, and protection to the people residing around the nuclear plant. The fourth factor is to ensure that the constant import of radioactive substances into the country will not create any adverse repercussions or any dependency on countries which export nuclear substances. Finally, the fifth factor concerns the problem of nuclear waste disposal. This was why we felt relieved when Gunadi stressed that adverse repercussions could arise and there was a need to be cautious in assigning a foreign country to handle the operation of the nuclear electricity generating plant.

As an alternative, Gunadi suggested that a decision had to be made on reducing our dependency on energy through conservation or to efficiently maximize the utilization of our available electrical energy resources. There is a need for other efforts to upgrade the diversification of nonnuclear energy and to intensify a survey of Indonesia's uranium. There is also a need to establish a comprehensive set of laws in connection with the existence of a nuclear electricity generating plant, which is considered as a high-risk energy installation—different in nature to some other nuclear research projects. A nuclear electricity generating plant, which is considered to be a high-tech project, should be aimed at providing prosperity and comfort for the nation and its people instead of giving problems to the community residing within the location.

We are happy that the ABRI is getting closer to the people, as evidenced by the Defense and Security

Department's expressed concern over the construction of the nuclear electricity generating plant in the densely populated and earthquake-prone Gunung Muria region. We simply cannot overlook the leak and spread of nuclear substances experienced by the "Three Mile Island" [three preceding words in English] nuclear electricity generating project in Pennsylvania in America in February 1979. In this regard, considering the construction of the nuclear electricity generating plant at Gunung Muria, a type which is similar to the "Three Mile Island" plant, it would be wise to consider a suggestion made by R.A. Brightsen, who was appointed by the United States Government in 1975 as a senior executive to the U.S. Nuclear Regulatory Commission or NRC.

Brightsen, a business executive who has 35 years of experience in dealing with U.S. atomic energy for civilian and military purposes, wrote an article in the 10 September 1979 issue of FORTUNE magazine in which he considered the "Three Mile Island" tragedy as an event that crushed man's arrogance in connection with the security of a nuclear project. It was clear that the nuclear electricity generating plant built by Commonwealth Edison, which it certified as safe, secure, and contemporary, was actually an "arrogant" and hazardous project. The operational capacity of the atomic reactor failed to meet the set requirements; and a set of laws on the supervision of the reactor, needed to deal with the consequences of a possible accident, was quite inadequate.

A nuclear power plant needs qualified personnel. There has been no completely reliable system for handling nuclear fission. A minor technical error such as a minor defect in its cooling system may cause a leak in a reactor, and then a tragedy can occur. A bubble in the hydrogen gas may cause a reactor to explode. In addition, a malfunctioning safety valve and a premature switching-off of the cooling system may also lead to a nuclear accident. Accordingly, the statement of Brig. Gen. Gunadi read out in Serpong on 26 July reflected the ABRI's closeness to the people, especially to those who will be affected by the commercial operation of the Muria Nuclear Electricity Generating Plant in 2003 and those who live near it.

Jakarta Reaffirms Plan To Close Refugee Camp

*BK1608153894 Jakarta Radio Republik Indonesia
Network in Indonesian 1500 GMT 16 Aug 94*

[Text] The government's plan gradually to remove Vietnamese and Cambodian refugees from Galang Island by next year is continuing without any significant obstacles. F. Rumayar, director for security affairs of the Department of Foreign Affairs, said in Jakarta today that the plan is continuing and the number of refugees on Galang Island has decreased a lot. About 8,000 Vietnamese and Cambodian refugees are awaiting repatriation or resettlement in third countries. The Indonesian Government, in cooperation with the UN High Commissioner for

Refugees, has repatriated or resettled in third countries about 2,000 refugees over the past six months.

Businessman in Bank Loan Scam Sentenced

BK1608140394 Singapore THE STRAITS TIMES in English 16 Aug 94 p 1

[By Simon Sinaga in Jakarta]

[Text] The central Jakarta district court yesterday sentenced businessman Eddy Tansil to 17 years in prison for corruption and causing millions of dollars in losses to the state—one of the stiffest white-collar crime verdicts handed down in recent years.

Tansil, 40, who was the central figure of a U.S.\$448.8 million (S\$678 million) [Singapore dollars] loan scam involving state-owned Bapindo [Indonesian Development Bank] bank, was also fined Rp30 million [Rupiah] (S\$21,000). He could spend an additional three months in prison if he fails to pay the fine.

The central Jakarta district court, delivering its verdict after a three-month-long trial, also ordered him to pay Rp500 billion (S\$350 million) to Bapindo to compensate for the losses it incurred.

The court also ordered the seizure of assets which Tansil bought with money from the Bapindo loans.

Presiding Judge Sutrisno and his two colleagues on the bench did not, however, impose the life sentence that the state had sought.

In handing down the verdict in what was Indonesia's largest banking scandal, Judge Sutrisno said he was convinced that Tansil was guilty of corruption and of obtaining loans fraudulently from Bapindo between 1989 and 1992.

Tansil said he applied for the loan as part of efforts by his Golden Key group of companies to diversify into the petrochemicals sector.

Judge Sutrisno noted, however, that Tansil not only "breached the law by using funds to enrich himself" but also "violated banking credit procedures that were in place".

Tansil submitted false and misleading documents to support his loan application and colluded with Bapindo bank executives to have the money released even before loans agreements were signed.

He also made use of his ties to former Coordinating Minister for Political and Security Affairs Sudomo to obtain letters of reference which Judge Sutrisno said he then "misused" to support his loan application.

The court rejected the defence's contention that the loan deal was a civil matter between a lender and borrower, saying that the breaches of banking rules, falsification of documents and misuse of Mr. Sudomo's reference letters were criminal violations.

The Bapindo became a focus of public and media attention as it was seen as highlighting the practice of collusion between businessmen and bank and government officials. The court, however, refrained from making any references to the political dimensions of the case.

Tansil, dressed in batik shirt and light-coloured trousers, remained quiet during the one-hour session yesterday and showed little emotion as the verdict was delivered.

He consulted his five-member defence team briefly before being escorted by police to a van which took him to the Salemba prison in central Jakarta.

The chief defence lawyer, Mr Gani Jemat, said he would consult Tansil further over the next few days before deciding whether to appeal to the High Court.

The prosecution, led by Mr Lukman Bakhmid, will also decide whether to appeal for a heavier sentence. Under Indonesian law, both sides must file their appeals within seven days of the verdict.

The verdict drew applause and cheers from many in the public gallery of the packed courtroom. Security was tight although it was not as heavy as when the trial first began on May 10.

Tansil's sentence was heavier than that of former Bapindo branch manager Maman Suparman, who received a nine-year term for corruption in connection with the case.

The separate trials of three other Bapindo executives are under way and a fourth is awaiting a trial date.

Central Bank Chief Comments on Loans, Debts

BK1708102694 Jakarta REPUBLIKA in Indonesian 10 Aug 94 p 2

[Passages within slantlines published in English]

[Text] Jakarta, REPUBLIKA—Foreign commercial loans no longer seem to be popular for the Indonesian Government. Accordingly, monetary authorities will exercise tighter control on the flow of foreign funds into Indonesia.

"Foreign commercial loans should be monitored from time to time by the Foreign Commercial Loans Monitoring Team and through reports on private projects," Central Bank Governor Sudrajad Jiwandono said in a paper presented to a seminar entitled "Indonesia's Economic Prospects in 1994-95" at the Jakarta Hilton Convention Center on Tuesday.

Sudrajad said the step has been taken because foreign commercial loans are having unfavorable effects on macroeconomic stability.

According to him, direct or indirect foreign funds in the form of loans and investment in fact still are needed to close the gap between high investment costs and low

national savings. He said the government, however, will be more selective by giving priority to soft loans.

He said aid from the /Consultative Group on Indonesia/ for government projects is among those prioritized. He suggested that /equity financing/ be utilized for other projects. This can be obtained through direct foreign investment or indirectly through stock markets.

Sudrajad said priority has been given to soft loans to help strengthen the financial structure of national companies. In addition, a mechanism has been adopted to enable foreign loans to be used as maximally as possible for development without affecting macroeconomic stability.

He said the government will not bar state enterprises or private groups, which badly need funds, from acquiring foreign loans. "Such loans, however, will be acquired only if their repayment terms are realistic, interest rates are not too high, and their repayment will be long-term," he said. He cited as an example bonds which have been acquired through /private placement/ or /public offering/

Sudrajad reiterated that this policy plus a better management of loans had been taken because of uncertain international exchange rates and higher international interest rates. Indonesia's growing debts were also a factor for consideration.

He said Indonesia's foreign debts reached U.S. \$83.3 billion or about 58 percent of the GDP at the end of the First Long-Term Development Master Plan. Of this, U.S. \$55 billion are owed by the government, U.S. \$5 billion by state enterprises, and U.S. \$23.3 billion by private groups.

With this position, the /debt service ratio/ [DSR] is still high—about 30.5 percent. Quoting Professor Sumitro Joyohadikusumo [a prominent economist], the ideal DSR for developing nations such as Indonesia is about 25 percent.

* Five-Day Work Week Approved

94SE0204A Jakarta KOMPAS in Indonesian
6 Jul 94 p 1

[Text] Jakarta, KOMPAS—The government will reduce the workweek of government employees from six days to five. Office hours will also be standardized at eight hours (0800-1600), thus bringing total working hours to 40, or two hours more than now. These new rules will go into effect nationally on 17 August 1995, coinciding with 50 years of Indonesian independence. At the present, certain government agencies are invited to conduct trials gradually.

Minister of State for Administrative Reform [MENPAN] T.B. Silalahi explained this to reporters after reporting on the plan to President Suharto at the Bina Graha on Tuesday, 5 July. The minister said that although this will apply nationally, some agencies will

not be able to follow the new rules, particularly those involved with public hospitals and with electricity, telephone, and firefighting services.

Silalahi announced the government's plan after President Suharto stated last Wednesday, 29 June, that the government was considering the possibility of establishing a five-day workweek.

At that time, the chief of state pointed out that if the workweek is set at five days, many savings will result, such as in the use of electricity and office telephones. In addition, city residents will have opportunity to go to the villages to shop. This will improve the economy of the villages, which ultimately will improve the welfare of the village community. This will greatly support the program to eliminate poverty.

The MENPAN acknowledged that the six-workday arrangement—with working hours or office hours of 0700-1400 (Monday to Thursday), 0700-1100 (Friday), and 0700-1300 (Saturday)—as prescribed in Presidential Decision No. 58/1964, is felt to be ineffective, because government employees cannot provide maximum public service.

The old rules also did not anticipate the effect of globalization, under which government employee contacts with outsiders in the context of services are on the increase. "Sometimes we have official contacts with people in the outside world; but when they come here, they find our offices closed," he said.

According to the MENPAN, the rule for five workdays and a day off on Saturday has been gradually implemented by the Jakarta Regional Government over the last five years, in accordance with Presidential Decision No. 24/1972, and productivity has been better.

Besides enhancing economy, effectiveness, and productivity, the new rule is also expected to enhance the welfare of government employees, primarily those at lower levels.

"Naturally, we hope that if they do not come to the office on Saturdays, they will seek additional income on the outside. As long as they do not break any rules, we give them our blessing. In the provinces, there are government employees who seek added income through farming, and there are even some who drive bicycle taxis," the MENPAN said.

On days off on Saturdays, he added, it is expected that there will be a flow of people from the cities to the villages and that they will spend their money in the villages, where prices are generally lower, such as for vegetables and fruit. This will also reduce urbanization. In addition, it is hoped that family ties will be steadily strengthened by the presence of family members from the cities.

He added that these new rules will also apply to school days. For that purpose, the minister of education and

culture may make evaluations, since the issue of schools involves various aspects, such as curricula and the existence of two-shift schools.

Obstacles

The MENPAN also admitted that the implementation of these new regulations will meet obstacles, such as the cost of lunch to government employees. "We will look at these obstacles and ways to resolve them."

He said he will also be holding meetings with leaders of other agencies. Besides problems, matters to be discussed include when certain agencies can begin to carry out trials.

He also added that because the arrangement is still on a trial basis, rules may be prescribed through directives from the individual ministers. Those rules, especially for special services like hospitals and the PLN [State Electricity Public Corporation], must of course include compensation to employees who must work on Saturdays.

With this, is there a government plan to raise the salaries of government employees? According to Silalahi, employee salaries are not bound to hours of work, because the government is always trying to improve employee salaries. "What is expected from five work-days is another type of facility for the welfare of government employees," Silalahi said.

Relations Established With South Africa

BK1308113594 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 13 Aug 94

[Text] Indonesia and South Africa have established diplomatic relations at the ambassadorial level, but the accreditation of their respective ambassadors will be mutually determined later.

A joint communique on the establishment of relations was signed by Nugroho Wisnumurti, permanent representative of the Republic of Indonesia to the United Nations, and Werner Steward, permanent representative of the Republic of South Africa to the United Nations, in New York yesterday. According to the communique, the establishment of relations was based on their mutual desire for friendship and cooperation on the basis of togetherness and mutual respect for each other's sovereignty, independence, and territorial integrity.

Antipiracy Accord Reached With Singapore

BK1208122494 Singapore Singapore Broadcasting Corporation in English 1100 GMT 12 Aug 94

[Text] The armed forces of Indonesia and Singapore have agreed to jointly fight piracy in the sea channels between the two countries.

ANTARA NEWS AGENCY, quoting an Indonesian official, said the agreement was reached during a meeting between Vice President Try Sutrisno and visiting Singaporean Defense Minister Lee Boon Yang. It

said both sides also agreed to help reduce tension in the region through peaceful means and to cooperate in safeguarding economic growth in both countries.

Dr. Lee Boon Yang arrived in Jakarta yesterday. He had already met his Indonesian counterpart, Eddy Sudrajat, and Coordinating Minister of Political and Security Affairs Susilo Sudarman.

* Paper on 'Dynamic' Relationship With Australia

94SE0204B Jakarta KOMPAS in Indonesian 4 Jul 94 p 2

[Unsigned Editorial: "Relations Between Australia and Indonesia"]

[Text] Although marked by differences of opinion in the past, relations between Indonesia and Australia now appear to have entered the most dynamic phase of the last decade. This can be seen in, among other things, the agenda items for ATI '94 (Australia Today, Indonesia 1994) activities during June and July, with the motto "Neighbors Advancing Together." The ATI '94 program in Jakarta includes a trade, science, and technology exhibition at the Jakarta Fair Arena. Meanwhile, in the city of Darwin, Indonesia is again presenting a trade and industry exhibition.

The two countries have indeed been laying a strong foundation, and since 1988 there have been at least 40 minister-level visits from Australia to Indonesia and 28 such visits in the other direction. During the same period, a number of parliamentary missions from the two countries have made reciprocal visits. The Indonesia-Australia Ministers Forum, which was formed in November 1992, has agreed to the creation of cooperation groups in the trade, industrial, investment, agricultural, and food sectors.

In parallel with ATI '94 activities, governmental activities reached their peak at the end of June with the visit of Prime Minister Paul Keating to Jakarta, where he held thorough talks with President Suharto.

Since 1989, there have been at least 12 cooperation compacts/agreements between the two countries, including cooperation in the Timor Gap, extradition, the environment, science and technology, search and rescue, and copyrights. In the economic and trade sectors, agreements have been reached on investment promotion and protection, customs cooperation, cooperation between the Indonesian and Australian chambers of commerce and industry, and Australian aid projects, primarily in Eastern Indonesia.

In 1992/93, Australia recorded a trade surplus of U.S. \$400 million, a result of U.S. \$1.3 billion in Indonesian exports to Australia and U.S. \$1.7 billion in Indonesian imports from Australia. Steps will be taken on ways to balance trade between the two countries.

Indeed, it has been long recognized by both sides that relations between the two countries are not merely those of neighbor countries with geographic proximity, but they are primarily because both countries hold so many good strategic positions in the Asia Pacific region and in international forums.

Besides embodying many things with good prospects, especially in economic cooperation, their strategic positions also have potential for conflict if their positions are not viewed from the same perspective or are not based on common interests. These positions are implicit in the oft-mentioned principle that a close neighbor is much better than a distant friend.

Referring to these strategic factors, certain observers often view Indonesia as a peacemaker and, simultaneously, a bridge with a very important strategic role because of its position between two continents. In connection with this, it is appropriate for Indonesia and Australia to use all aspects of life to build harmonious relations based on mutual understanding through a knowledge of each other's value systems.

All of that is reflected in efforts, both bilateral and in multilateral forums, to make their perspectives correspond through a variety of programs. These efforts have begun with exchanges of economic and trade programs and exchanges of missions related to culture, sports, youth, and other things.

In the Asia Pacific Economic Cooperation (APEC) forum, Indonesia and Australia can play constructive roles in the expansion of economic cooperation in the Asia Pacific region. In connection with that, the establishment of a business cooperation body in the form of the Asia Pacific Business Network (APBNW) was appropriate.

We hope, of course, that increased cooperation between the two countries will not reach merely to the level of sameness of perception, but, more important, will progress to concrete realization.

Thailand

Government Urged To Help With 'Cambodian Problem'

BK1708120994 Bangkok MATICHON in Thai
17 Aug 94 p 2

[Editorial: "The Government Must Help the Military Tackle the Cambodian Problem"]

[Text] Up to this moment, the Cambodian problem remains a thorn in the side of Thailand. The Thai Armed Forces particularly have been accused of supporting the Khmer Rouge. Australian private organizations even expressed concern that the assault-rifles to be purchased from the upcoming bidding, in which an Australian company also will participate, will fall into the hands of

the Khmer Rouge. Such criticism has impaired, to a certain extent, the morale of the military.

Regarding the uneasiness caused by the Cambodian problem, it is necessary to separate the opinions of private and state sectors. The criticism that the weapons Australia will sell to Thailand (the author himself does not know for sure whether or not the Australian company will win the bidding) will be sent to help the Khmer Rouge came from Australian private organizations, not the Australian Government. The latter has no power to prohibit those organizations from expressing their opinion.

Likewise, the Cambodian mass media has been clamoring about Thai military leaders lobbying with foreign countries against giving military assistance to the Phnom Penh Government. The Thai Foreign Ministry later was informed that the Cambodian Government never made these accusations against the Thai top brass. Therefore, the tactics to disprove accusations of this nature by private organizations must be implemented in an open manner.

In other words, the mass media must be allowed to inspect border areas. As a matter of fact, Thailand is an open country. We should allow foreign journalists to go see the border areas themselves. The Thai Government has no policy of imposing any travel restrictions on foreign reporters. Moreover, the Foreign Ministry should work together with the Armed Forces to clear all false accusations against the latter. Since the Armed Forces have to function in line with the government's policy, the government should take the initiative to solve the problem for them.

It is apparent that the Army commander is aware of the fact that the government and Foreign Ministry are responsible for clearing any misunderstanding regarding Thailand in connection with the Cambodian problem. The Thai Government should persuade expeditiously foreign countries to find a quick solution to the Cambodian problem; otherwise, we endlessly will be the victim of false accusations from the Cambodian Government for nothing. The Cambodians themselves should realize the longer they fight each other, the greater the benefit reaped by weapons producers in developed nations through their assistance.

Chuan on Phnom Penh Detention of Coup Suspects

BK1708044194 Bangkok THE NATION in English
17 Aug 94 p A5

[Excerpt] Prime Minister Chuan Likphai said yesterday his government is trying to help the 14 Thais detained in Cambodia for suspected involvement in an abortive coup but "they will have to face the consequences if they really did something wrong.

"The government's task is to seek immediate release of the Thais if they are innocent," Chuan said. "But if the

Cambodian authorities can produce concrete evidence to charge the 14, the Thai Government can't interfere in the legal procedures."

Cambodia has said some of the Thais will be released, while others will be charged with involvement in the coup.

Meanwhile, the House Committee on Foreign Affairs is scheduled to visit Vietnam today and is expected to check reports that certain coup conspirators in Cambodia fled to Hanoi, the committee's deputy spokesman said yesterday.

Kuthep Saikrachang said committee chairman Dr Krasae Chanawong is leading the delegation, which will be in Hanoi and Ho Chi Minh City for about a week.

"We will examine Cambodia's reports that certain generals involved in the coup fled to Vietnam shortly after the coup was aborted," Kuthep said without further elaboration.

Phnom Penh has claimed that some generals taking part in the failed coup fled to Vietnam after alleging that nine of 14 Thais detained immediately after the coup attempt were sharpshooters who had entered the country to assassinate its leaders.

Kuthep questioned conflicting reports from the Cambodian side. Prime Minister Prince Norodom Ranariddh said that some of the Thais would be released this week while Mai Cen So Phan, vice commissioner of Phnom Penh Municipal Police, claimed that none of them would be freed until they are cleared in a Cambodian court.

"I am disappointed about the administration of Cambodia. How can a police officer contradict the premier? Who's in charge over there?" the deputy spokesman asked.

In case Thailand and Cambodia could not solve their dispute by bilateral dialogue, Thailand should ask support from the international community, Kuthep said.

Yesterday an official at the Cambodian Embassy in Bangkok confirmed his premier's statement that some Thais will be released before the end of the week. The official, who asked for anonymity said, "It is a promise from our prime minister".

Also a high-ranking Cambodian source said yesterday there is still no change on the release of the Thais who have been found innocent of involvement in the coup.

Phnom Penh has wanted to interrogate two Thais who it claimed were major players in the coup attempt—Pol Lt Col [Police Lieutenant Colonel] Adun Bunset, who was formerly a Phichit MP from the New Aspiration Party, and Thanongsak Suratananun, executive director of Hightech Antenna Co, Ltd. Both said that they are ready for questioning by Cambodian detectives but only if it is conducted in Thailand.

The Thai side was then informed that Cambodia would send an investigating team to interrogate both men in Thailand.

Thanongsak yesterday said in a telephone interview that he has not been informed when and where the interrogation will take place. He had claimed that 13 of the 14 Thais detained in Cambodia were employed by his company for a survey mission in Phnom Penh and the border provinces.

"I am ready to be questioned. I will tell the Cambodian team that the group wasn't capable of staging a coup because they were only technicians and temporary staff. One of them is my brother, who has a bad eye," he said.

Cambodia has tried to divert attention from its internal political problems by pointing an accusing finger at innocent Thais, he said. He also wonders if the coup ever really happened as claimed by the Cambodian government. [passage omitted]

Patent Protection Agreement Signed With Laos

*BK1708043794 Bangkok BANGKOK POST in English
17 Aug 94 p 6*

[Text] Thailand and Laos have signed an agreement on intellectual property rights which starts with patents and industrial protection, a senior Commerce Ministry official said yesterday.

The memorandum took effect immediately after Deputy Commerce Minister Churin Laksanawisit signed the document with the chairman of Laos' State Committee on Science, Technology and Environment Souli Nanthavong on Sunday in Vientiane, said Wirawit Wiraworawit of the ministry's Intellectual Property Department.

He said the agreement also called for an exchange of information between Bangkok and Vientiane on industrial development and human resources development.

The deal was to encourage fair treatment and protect patents and all industrial rights between Thailand and Laos, including those in the service sector, from imitation, said Mr Wirawit, who is director of the department's Technical and Planning Division.

He said the agreement would bring about closer business ties and involved technology transfers which would yield Laos' long-term benefits as well as prevent one country from taking advantage of the other.

The deputy commerce minister, who is the driving force of the Government to have every country in the region sign intellectual property rights agreements, told the Laotian delegation that Thailand would never use the agreement to take advantage of Laos.

Laos is the second country in Indochina to sign intellectual property rights pacts with Thailand following

Vietnam in April. The ministry is working on similar agreements with Burma and China.

Army: Australian Weapons Bidding Not Barred

*BK1708054294 Bangkok BANGKOK POST in English
17 Aug 94 p 3*

[Text] Australian Defence Industries (ADI) will not be barred from bidding if the Army wants to buy new rifles, which is unlikely in the next few years, according to Army spokesman Col Phalangkun Klahan.

The Army was making a preliminary study of the issue on which Army Chief-of-Staff Gen Phaibun Emphan was chairman, the spokesman said yesterday.

Col Phalangkun said there was confusion on the issue as there was a report that the Army had called tenders for the supply of new rifles to replace M-16s which had been used for two decades.

"The committee is studying the details and it is unlikely that bidding will take place soon as there are many procedures to follow," he said.

He said ADI, which produced the Steyr rifle and planned to sell it to the Thai Army, would not be barred from bidding.

"Any bidding to supply weapons will be transparent and there will not be such a problem (barring ADI)," Col Phalangkun said.

He defended Army Commander Gen Wimon Wongwanit's response to Australian human rights groups which claimed the Steyr rifles might be sent to the Khmer Rouge. Gen Wimon said that if Australia could not "control its people" ADI might be barred from bidding.

The spokesman said Gen Wimon's response was to protect the Army's dignity as the allegation was considered an insult.

Col Phalangkun said the military relationship between Australia and Thailand would not be harmed.

A senior army officer said he was confident confusion on the issue stemmed from a news report from Australia which, the officer suspected was intentionally leaked for business interests.

"How could the report refer to the bidding which did not exist?" he said.

The report coincided with the visit of an Australian trade delegation led by Trade Minister Bob McMullan, which began yesterday.

Defence Minister Wichit Sukmak said Mr McMullan would meet him today and seek reassurances that ADI would not be excluded from any bidding.

He said the buying of rifles was just a project at this stage and there was a long process to consider which weapon design would suit Thai soldiers.

"Things are not at the stage where we are trying to procure rifles from some country," Gen Wichit said.

As for whether countries that did not "honour" Thailand would be excluded from bidding, the minister said Thailand had a free-trade policy but there might be other "criteria" that should be considered.

Iranian Bomb Suspect To Face Trial; Two Freed

*BK1708050394 Bangkok THE NATION in English
17 Aug 94 pp A1, 4*

[Text] Two of the three Iranians held for more than two months for suspected involvement in the failed bomb plot against the Israeli Embassy in Bangkok in March were released yesterday because of insufficient evidence.

The third, Hosein Dasjiri, must appear in court on August 18 for the initial hearing in his case, a Criminal Court prosecutor said.

In the suit filed by Prosecutor Suphong Namto, Dasjiri, one of three Iranians arrested in June in Songkhla's Hat Yai district, was charged with illegal assembly, murder, robbery, possession of explosives and bringing illegal arms into the country. Suphong said Dasjiri, along with other unnamed Iranians who are still at large committed the offences from August 20, 1993 to March 11, 1994.

He said the defendant and his accomplices had stolen a truck from driver Chom Tila who was later killed and put inside a water tank filled with explosives on the back of the truck.

The defendant also allegedly collaborated with accomplices in producing a bomb using C-4 plastic explosive packed in a large amount of ammonium nitrate.

Babak Taheri and Basr Kasemi were yesterday freed because officials had not found substantial evidence linking them to the truck bomb discovered in the Phloenchit area, Suphong said.

Attorney General Ophat Arunin, however, said there is sufficient evidence to back the charges against Dasjiri.

He said the two men who were released had just been with Dasjiri in Hat Yai and no evidence was found linking them to the bomb plot.

Ophat said he will forward the prosecutor's decision on the case to national police chief Pol Gen [Police General] Pratin Santipraphop.

Effects of U.S. Amity Pact on Insurance Viewed

*BK1708045994 Bangkok BANGKOK POST in English
17 Aug 94 p 17*

[Text] Local insurance companies will need to become leaner if they are to compete with the expanded branch

network of the Thai-US joint venture Universal Insurance, according to Commerce Minister Uthai Phimchachon.

Mr Uthai said the Commerce Ministry welcomed the expansion of Universal Insurance, which should bring about keener competition in the industry, but he pointed out that if existing regulations did not permit such expansion the company would have to change its policies.

Finance Minister Tharin Nimmanhemmin argued that the company did not have the right to open 11 new branches as the service did not come under the Thai-US Treaty of Amity.

Mr Tharin said insurance services were involved in large accumulations of savings and were thus classified under finance and securities, which is subject to protection under the Announcement No. 281 of the National Executive Council.

Dr Suphachai Phanitchaphak, Deputy Prime Minister and chairman of the International Economic Policy Committee, was assigned to interpret whether the company was eligible to extend its branches or to upgrade 11 representative offices in line with the 1992 General Insurance Law.

The company has been trying to get the green light to open the branches since 1992.

There has been a dispute over the interpretation of the law among government agencies.

Over 25 percent of the shares in the firm is held by the US. According to Thai law, a foreign-owned company cannot expand its branches in Thailand.

However, the company says that under the Thai-US Treaty of Amity, Thailand must allow foreign firms to expand their branches on Thai soil like Thai insurance companies.

Mr Uthai said the remark made by Mr Tharin had caused the Cabinet to assign Dr Suphachai to interpret the treaty and decide whether it leaves any room for businesses that are related to financial institutions.

Mr Uthai said permission for Universal Insurance to open the new branches would lead to more competition and benefit the public.

Watana Ratanawichit, secretary-general of the Office of the Juridical Council, said the office was assigned by the Cabinet to interpret the contract according to Announcement No. 281 of the National Executive Council, to decide whether Universal Insurance had the right to extend its branches.

He pointed out that the Juridical Council had ruled that Universal Insurance was not a Thai-owned company, as foreigners had taken 25 percent of the shares.

The firm said it was a Thai firm when it registered in 1952 and foreign shareholding increased later.

Mr Watana said the Office of the Juridical Council had not examined the argument raised by Mr Tharin during the Cabinet meeting yesterday.

He said the Treaty of Amity was endorsed in Washington in May 1968, but on the Thai side, there was no law to support the treaty. Therefore, the treaty has not been in effect and issues pertaining to equal treatment between the two countries are not enforceable.

He said treatment on an equal basis between Thailand and US meant that whatever the Thai citizen was entitled to have in Thailand, the US citizen in Thailand was entitled to enjoy. In the US, the Thai citizen is entitled to have similar treatment as Americans.

The Ministry of Foreign Affairs takes a different view. It holds that the treaty came into effect after it was endorsed.

He argued that the US had cited the treaty while business had been expanding, but had never mentioned the treaty when Thai business was in recession.

Universal Insurance is under the umbrella of the American International Group which operates three life- and non-life insurance companies in Thailand: American International Assurance Co, New Hampshire Insurance Co and Universal. Its income was reported to be 56.6 million baht last year.

Central Bank Limits Loans to \$7 Billion Annually

*BK1608084694 Bangkok BANGKOK POST in English
16 Aug 94 p 28*

[Text] The Bank of Thailand will limit foreign loans for the entire Thai financial system to an average level not exceeding US\$7 billion a year in an effort to gradually end the country's dependence on foreign funds.

Bank Governor Wichit Suphinit said yesterday that Thailand suffered a lack of funds as there was high demand for these, equivalent to 40 percent of gross national product, for investment.

The central bank had trouble with its financial management because of unpredictable amounts of inflows at different periods, he said.

The bank plans to hold borrowing from abroad at an average of US\$7 billion a year for 10 years starting now.

He said this was expected to be achievable because such loans had declined from US\$13 billion two years ago to US\$10 billion last year.

At the same time, local savings would have to be promoted. Among measures the bank has adopted to boost savings is development of the debenture market, which is thriving.

In the first half of this year funds mobilised through debentures increased to top 100 billion baht, he said. Last year the figure was only 30 billion baht.

"The central bank is revising its rules to support the fast growth of the secondary debenture market, particularly as regards taxation on debenture trading.

Vietnam

Beijing, Hanoi To Meet on Territorial Issue

OW1608132294 Hanoi Voice of Vietnam in Mandarin
0830 GMT 16 Aug 94

[Text] Vietnamese and Chinese representatives will hold high-level talks on boundary and sea territorial issues. The Chinese delegation, led by Vice Foreign Minister Tang Jiaxuan, will meet with Vietnamese Vice Foreign Minister Vu Khoan in Hanoi on 15 September. Vietnamese Foreign Minister held that Vice Foreign Minister Tang Jiaxuan's visit to Vietnam is of great significance. This is particularly true as the two sides are striving to resolve their disputes through negotiations. This will be the first high-level Vietnamese-Chinese negotiations on the disputes over the East Sea [South China Sea].

Sino-Vietnamese Border Talks To Resume 18 Aug

BK1708125294 Hong Kong AFP in English 1119 GMT
17 Aug 94

[Text] Hanoi, Aug 17 (AFP)—High-ranking Vietnamese and Chinese officials have taken a break from the rigours of talks on longstanding land and sea border disputes, sources close to the meeting said Wednesday.

The visiting Chinese delegation, led by Vice-Foreign Minister Tang Jiaxuan, made a trip on Tuesday afternoon to the tourist site of Halong Bay, east of Hanoi, and was due to return Wednesday, the sources said.

Since the talks opened on Monday, neither side has provided any information on the progress of the talks which end on Thursday.

The discussion will restart on Thursday morning, a Vietnamese official said. Tang will leave Hanoi on Thursday or Friday.

An official of Vietnam's governmental committee on borders hinted that the talks were already effectively over.

He refused to be drawn on the results of the talks, or confirm reports that China and Vietnam had made progress in their principal dispute over the China Sea borders, or the Oriental Sea as the Vietnamese call it.

The apparent confusion is likely to result in the dispute, which has already been simmering for months, dragging on further.

The tension has been increased recently by the exploratory operations in the region of US petrol company Crestone Energy Corp which is working in a Chinese concession which, according to Hanoi, is in Vietnamese territorial waters.

Before the talks opened the Vietnamese side was optimistic of a breakthrough in the complex negotiations. Failing that there may at least be some "technical progress" on the demarkation of their shared 1,130 kilometre (680 mile) long land border, and on the sea frontier in the Gulf of Tonkin.

Lao President Nouthak Phoumsavan Continues Visit

Le Duc Anh Addresses Banquet

BK1608125694 Hanoi Voice of Vietnam Network in
Vietnamese 1430 GMT 15 Aug 94

[Speech by SRV President Le Duc Anh at state banquet honoring LPDR President Nouthak Phoumsavan in Hanoi on 15 August—read by announcer]

[Text] Dear esteemed comrade Nouthak Phoumsavan and his wife, Lao comrades, and all comrades and friends:

Today, we are very happy and honored to receive President Nouthak Phoumsavan—a senior leader of the fraternal Lao party and state and a close friend of the Vietnamese people—on his official friendship visit. We also heartily welcome his wife and all his accompanying comrades in the Lao People's Democratic Republic [LPDR] delegation.

All of you, comrades, are bringing to the Vietnamese people warm affection and strong encouragement from the Lao people—who are the closest friends of the Vietnamese people. This visit by the president marks a new development in Vietnamese-Lao friendship, special unity, and comprehensive cooperation, thus contributing to strengthen mutual trust and further bilateral relations.

Dear comrades and friends, through our previous long and hard struggles for independence and freedom and in our current undertakings of national construction, the peoples of our countries have established a firm unity and forged a special relation of loyalty and limpidity. These days, we are moved to remember the heroic August of the historic year of 1945 when our two nations rose up together to fight for national independence and freedom. Over the next 50 years, the peoples of Vietnam and Laos have stood side by side and sacrificed their flesh and blood together to fight for the glorious victory of national liberation and unification in 1975.

Today in our undertakings of national renovation, we continue our time-honored and precious tradition of wholeheartedly supporting and helping each other and sharing experiences in building a new life of prosperity

and happiness for our peoples. Today's honest exchanges of views which were full of camaraderie and fraternity will certainly be important contributions to the strengthening of comprehensive cooperation between our two parties, states, and peoples.

In the joy of reunion among fraternal comrades today, I would like to share our happiness at the achievements recorded by the multi-ethnic people of Laos in their implementation of the Fifth Congress resolution of the Lao People's Revolutionary Party [LPRP]. We believe surely that under the correct LPRP leadership, the multi-ethnic people of Laos will win greater victories in their renovation and successfully carry out the strategy of socioeconomic development until 2000 to build a Laos of peace, independence, democracy, unification, and prosperity and to contribute their deserving share to the cause of peace, stability, cooperation, and development in the Southeast Asian region and the rest of the world.

Dear comrades and friends, as they made their socioeconomic achievements of the past, the Vietnamese people are using industrialization and modernization to win new victories making the people prosperous, the country strong, and society equitable and advanced. In our revolution, the Vietnamese people have always received the total support and precious assistance from the multi-ethnic people of Laos. On this occasion, on behalf of the Vietnamese party, state, and people, I would like to express my honest and deepest appreciation to the fraternal party, state, and people of Laos. I would like to affirm to you that our Vietnamese party, state, and people will do our best to preserve and further the friendship, special unity, and comprehensive cooperation between the two parties and peoples. We will never cease trying to enhance the cooperation on the basis of equality and respect for each other's national independence, sovereignty, and integrity and legitimate interests.

In today's atmosphere full of fraternity, I invite all you comrades to toast the long-lasting friendship, special unity, and comprehensive cooperation between Vietnam and Laos; more and greater achievements scored by the Lao people in their renovation to successfully implement the Fifth LPRP Congress Resolution and successfully construct a Laos of peace, independence, democracy, and prosperity; and the good health of party President Khamtai Siphandon, General Secretary Do Muoi, President Nhouhak Phoumsavan and his wife, and all comrades and friends present today. Thank you.

Meets Do Muoi, Vo Van Kiet

*BK1608152094 Hanoi VNA in English 1442 GMT
16 Aug 94*

[Text] Hanoi VNA August 16—General Secretary Do Muoi of the Communist Party of Vietnam Central Committee received here this afternoon Lao President Nhouhak Phoumsavan now on a five-day friendship visit to Vietnam.

At the reception, President Nhouhak Phoumsavan welcomed the Vietnamese people's achievements in the renovation process as success of and precious experiences to, the Lao people. He affirmed Lao party, government and people's determinations to constantly consolidate the special solidarity and develop the all-round cooperation with Vietnam.

The Vietnamese party general secretary pointed to the new situation which requires the two parties, governments and peoples to proceed with new effective cooperation forms conformable with the new mechanism and circumstances so as to bring into play the traditional close ties and make them a decisive factor for the success of national construction and defence in the two countries.

Also this afternoon, Prime Minister Vo Van Kiet called on Lao President Nhouhak Phoumsavan. He renewed the Vietnamese Government and people's efforts to constantly consolidate and develop the friendship, special solidarity and cooperation between Vietnam and Laos.

For his part, the Lao president reaffirmed the Lao party, government and people's gratitude to the Vietnamese party, government and people for their great support and assistance to Laos's revolution.

Earlier, President Nhouhak Phoumsavan and his wife and their entourage paid a floral tribute to the late President Ho Chi Minh at his Mausoleum, and laid wreaths at the National Fallen Heroes' Monument here.

The same day, the Lao president and other distinguished guests visited the Hoa Binh Hydroelectric Power Plant on the Da River, about 60 km northwest of Hanoi.

Head of the Presidential Office Mr. Nguyen Viet Dzong and Lao Ambassador to Vietnam Mr. Khamphet Phengmeuang accompanied the Lao state delegation on these occasions.

Departs for Hue 17 Aug

*BK1708134094 Hanoi Voice of Vietnam Network in
Vietnamese 0500 GMT 17 Aug 94*

[Text] This morning at the Presidential Palace in Hanoi, a farewell ceremony was held for Nhouhak Phoumsavan, state president of the Lao People's Democratic Republic, and his wife. Attending were President Le Duc Anh and his wife, Foreign Minister Nguyen Manh Cam, Presidential Office Director Nguyen Viet Dung, many high ranking state officials, and representatives of the Vietnam-Laos Friendship Association.

President Nhouhak, his wife, and the distinguished Lao guests expressed their honest appreciation for the warm hospitality extended during their two-day stay in Hanoi by the Vietnamese leaders and people. They also expressed their wish to strengthen Lao-Vietnamese friendship and unity. They were visibly moved when time came for their departure.

President Le Duc Anh, his wife, and our delegates escorted the Lao delegation to their cars and waved to President Nouthak, his wife, and his accompanying comrades. Today the Lao visitors leave for Hue.

Radio Reviews Cooperative Relations With Laos

BK1708074194 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 14 Aug 94

[Excerpt of essay by correspondent Diep Anh reviewing Vietnamese-Lao relations on the occasion of the visit by Lao President Nouthak Phoumsavan]

[Excerpt] [Passage omitted] Looking back over Vietnamese and Lao achievements in 1993, as reviewed by the 16th conference of the Vietnam-Laos intergovernmental committee held in Vientiane last April, we can see that the friendly relations between the two countries have brought good results.

Regarding long term manpower strategy, Vietnam has trained the 990 Lao students who attended Vietnamese colleges and the two sides agreed to further expand cooperation in education. Concerning projects to diversify cultivation and animal husbandry, to build new rural life, and to draw up a land classification map and a national mapping coordinate system, the Vietnamese side has tried to do its best work and many projects have been completed outstandingly and were highly valued by the Lao side.

Communications and transportation were considered by both sides as core domains in which significant amounts of work have been completed in repairing, upgrading, and building new roads and bridges. Vietnam has completed projects to repair roads leading to Vietnamese coastal ports in northern, central, and southern Vietnam to create convenient facilities for Laos to transit goods through Vietnam. National route No. 18-A within Vietnamese territory was upgraded and can be used in all seasons to transport imported and exported Lao goods. Lao national route No. 8 inside Lao territory together with the Nam Thon Bridge have also been repaired by Laos to facilitate trade and transportation between Vietnam and Laos. Laos also created favorable conditions for Vietnam to win an international bidding contract to construct national route No. 13 in northern Laos. Presently Vietnam's 18th Construction General Company is carrying out the project and is expected to complete work as scheduled by the latest agreement between the two sides. The Vietnamese side has completed and delivered the coordinates network of national maps. These projects bear special significance in the cooperative relations between the two countries.

Last year, bilateral trade turnover increased 7 to 8 percent compared with 1992. In tourism, the two sides signed agreements to secure smooth communications through the two ports of Lao Bao and Hoi Ka Ki which have been upgraded to international border post status. [passage omitted]

Commentary Assesses Relations With South Korea

BK1608140094 Hanoi Voice of Vietnam Network in Vietnamese 1000 GMT 15 Aug 94

[Station commentary]

[Text] People in South Korea celebrated their 49th national day on Monday [15 August]. Recently South Korean people have recorded marked achievements in national construction and economic development. Relations with other countries other than Vietnam have been developed. Though diplomatic relations with Vietnam have just been established, bilateral relations have developed continuously. Following is our radio review of those relations.

After the establishment of diplomatic relations in December 1992, Vietnam and South Korea exchanged a number of visits. The visit to South Korea last May by Prime Minister Vo Van Kiet was a turning point in the development of cooperation. In 1993, trade turnover surpassed \$800 million, an increase of 60 percent compared with 1992. Vietnamese exports to South Korea of coal, agricultural products, textiles, sea products, and handicrafts matched Vietnamese imports from South Korea of electronic appliances, machines, transportation equipment, and consumer goods.

Last year, Vietnam and South Korea signed a number of important agreements, including an agreement on encouragement and protection of investment, a trade agreement, an agreement on aviation cooperation, and initialed an agreement on the avoidance of double taxation. South Korean investment in Vietnam tallied \$530 million by the end of 1993, and now the figure is much higher. South Korea is the third largest foreign investor in Vietnam. Companies from South Korea invested mainly in electronics, textiles, garments, chemicals, hotels, and industrial infrastructure. Large companies such as Daewoo, Samsung, Hyundai, Fusco, and Lucky Gold Star are involved in large projects. Investment from South Korea has diversified in form and type.

At the international donor conference for Vietnam in Paris in October 1993, South Korea pledged to grant official development assistance of \$15 million to rehabilitate Highway 18 and to build the Tien Tan water supply plant in Bien Hoa Industrial Zone, Dong Nai province. South Korea granted Vietnam \$10 million. Vietnam and South Korea are also developing cooperation in science, technology, culture, education, and health care. The two countries signed a labor cooperation agreement in which 2,500 Vietnamese workers will be sent to South Korea and a third country. South Korea is ready to exchange experience with Vietnam in industrial development, export management, and finance.

Vietnam and South Korea are close geographically, and the two peoples share some similarities in culture and tradition. There are many conditions and great potential for economic cooperation.

Vietnam has diversified resources and substantial potential in its labor force. South Korea has experience in developing the economy and technology. Those are important factors to build effective cooperation and relations for bilateral development

Minister of Agriculture Visits Burma

*BK1608145694 Hanoi VNA in English 1433 GMT
16 Aug 94*

[Text] Hanoi VNA August 16—Minister of Agriculture and Food Industry Nguyen Con Tan has recently visited the Union of Myanmar as guest of his Myanmar [Burma] counterpart.

While in Myanmar from Aug 4-9, Minister Tan signed an agreement on cooperation in agriculture and rural development for the 1994-2000 period and a programme of agricultural cooperation in the two years 1994-1995. Minister Tan and his party were received by Prime Minister and President of the Council of Restoration of Law and Order of the Union of Myanmar Than Shwe.

Reportage on Activities of Vo Van Kiet

Visits Ha Bac Province

*BK1208155094 Hanoi Voice of Vietnam Network in
Vietnamese 2300 GMT 11 Aug 94*

[Text] Prime Minister Vo Van Kiet paid a visit from 9 to 10 August to Ha Bac Province to work with leaders of the province on socioeconomic issues for the remaining months of 1994 and 1995. Le Xuan Trinh, head government office minister, accompanied the prime minister.

The prime minister came to inspect the experiences in developing the garden and hill economy in Luc Ngan, a mountainous district, which is taking the lead in developing the economic potential of hilly and empty lands in the province by growing high economic value fruit trees such as lychee, lemon, and orange. Of the total area of 3,000 hectares of fruit orchards, there are 2,500 hectares of lychee that yielded 350,000 tonnes of fruit in the latest harvest bringing nearly 20 billion dong.

Following the direction of developing garden and hill economies by growing high value fruit orchards, Luc Ngan was preparing for a project to turn 500 hectares of one-poor-rice-harvest-a-year land into fruit orchards. The district is striving for a target of 10,000 hectares of fruit orchards by the year 2000.

The prime minister assessed that developing garden and hill economies by growing high value fruit orchards was a creative and correct program for Luc Ngan District. It served as an effective measure to fill the empty lands and hills on one hand and contribute to the campaign to eliminate hunger and reduce poverty in upper and mountain regions on the other. The prime minister suggested Luc Ngan set up clubs of farmer groups who earn 50, 70, or 100 million dong a year from their

gardens and hills. Farmers then can exchange experiences and help each other in further developing their business as well as help other people eliminate hunger and reduce poverty.

The prime minister also visited and inspected the production situation of the Ha Bac Urea Fertilizer and Chemical Company and Dap Cau Glass Company, two among the 23 centrally managed production establishments located in Ha Bac. At the Ha Bac Urea Fertilizer and Chemical Company, the prime minister toured the new in-depth investment projects of to improve and upgrade equipment carried out in last three years. The prime minister hailed the workers and technical cadres for their creative work that helped the company overcome the difficulties of old equipment and backward technology, carried out many technical improvements, and achieved great progress in urea fertilizer production output, from 60,000 tonnes per year in 1992 to 100,000 tonnes in 1993 thus fulfilling 100 percent of designed capacity. In the first seven months of 1994, production reached 60,000 tonnes, and the employment and living of over 5,000 workers were well secured.

The prime minister paid special attention to the issues of industrial hygiene and pollution in the chemical plant. He expressed delight at the sight of a clean plant, a furnace without any leaks, and pollution limited to the lowest level. Around the plant were rows of sea pines, which serve as a counterbalance to the ecology system at a hazardous environment site. This was noteworthy progress towards a fine industrial culture that not many production establishments are able to achieve.

The prime minister had working sessions with the provincial party standing committee, people's committee, and other leading cadres of the province. Talking about the development direction of Ha Bac, the prime minister stressed that Ha Bac should quickly cease to be a poor province and make its own way to industrialization and modernization with all its advantages in rich and diversified resources of manpower, land, and diversification of trades in comparison with most other upland provinces in the north.

First, 90,000 hectares of empty lands and hills need to be filled by allocating them to farmers and forming areas of high value industrial plants and fruit trees. The allocation of land needs to be carried out in combination with the relocation of the population. For industry, the prime minister pointed out that with many local people practicing their traditional trades, Ha Bac needs to reevaluate its potential and rearrange the trades that need to be restored and developed. In doing so, the province will receive more assistance from the state in terms of capital and product consumption. The province also should try to develop new trades, especially the trades that help set up new hamlets and villages and diversify agricultural products. The presence of 23 centrally managed enterprises located in the province is an important advantage

that needs to be exploited. Cooperative relations should be promoted between these establishments and the local ones.

Visits Hai Hung

BK1608131494 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 14 Aug 94

[Text] Prime Minister Vo Van Kiet paid a visit on 12 August to Hai Hung and worked with the local leaders. Reporting to the prime minister on achievements since the beginning of the year on major socioeconomic targets, Comrade Pham Van Tho, provincial party committee secretary, and Comrade Nguyen Du, people's committee chairman, affirmed that if there are no major weather problems, Hai Hung is capable of fulfilling and exceeding annual socioeconomic targets for 1994.

The province is still facing, however, some serious difficulties with an unbalanced budget, poor quality infrastructure, and increased social vices. Vo Van Kiet analyzed the advantages of Hai Hung and urged area leaders to use them as premises to advance into industrialization and modernization in accordance with the resolution of the recent Central Committee Seventh Plenum.

On orientations for the coming period, the prime minister asserted that all localities should embark on industrialization and modernization with their own energy and unique qualities. Hai Hung should speed its economic structural changes to bring the province, which relies mainly on agricultural production, to a higher level where it is able to develop industry, tourism, and services. In terms of agriculture, the structural changes should be aimed at developing merchandise production from the farmer's household level to specific planting areas. The province needs to supplement the usual crops with new high value samples in order to enhance agriculture output to a stable level of over 1 million tonnes annually on a smaller hectareage of cultivated land.

In regard to industry, the prime minister stressed that the local authorities should base on local geographic and transportation advantages to build centralized industrial zones in Hai Duong and the surrounding areas. The prime minister urged Hai Hung to complete its general plans for socioeconomic development through 2005 and 2010. Particularly, the development plans for the towns of Hai Duong and Hung Yen and other municipal centers must be completed and used as bases for determining strategies and plans of socioeconomic development for the next few years and beyond. Efforts from all sectors and echelons should be combined with those of the masses to fight social vices, creating a favorable social environment for cultural and economic activities in the province considered the front gate of the capital city.

The prime minister also visited the shoe enterprise, a joint venture with Taiwan which was recently put to production, and inspected the three entries selected by

the National Art Council among 25 entries for a memorial monument for Tran Hung Dao sent in by sculptors nationwide.

Visits Joint Venture Construction Site

BK1608131894 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 14 Aug 94

[Text] Following a recent visit to Hai Hung Province, Prime Minister Vo Van Kiet paid a visit to the construction site of a television picture tube factory in Hanoi's Gia Lam District. The factory belongs to the (Oriental-Hanel) Company Limited, a joint venture between Hanoi's Hanel Company and South Korea's Daewoo Corporation. The project started in September 1993; about 70 percent of the work has been completed. The factory is expected to start trial operations in January 1996, and will start producing color and black and white picture tubes in June 1996. The prime minister reminded the company's leaders that this is a joint venture; thus, each partner should strive to fulfill their responsibilities so the project can begin production soon.

Receives New Japanese Envoy

BK1608150694 Hanoi VNA in English 1440 GMT 16 Aug 94

[Text] Hanoi VNA August 16—Prime Minister Vo Van Kiet received here today newly-appointed Japanese Ambassador Kazuo Ogura.

At the reception, the ambassador highly appreciated Vietnam's rapid development and the achievements recorded by the Vietnamese people in their renovation process and affirmed the Japanese Government's wish to develop its friendship and comprehensive cooperation with Vietnam and its support towards Vietnam's economic reform. He also said that Japan was ready to share its successful experiences in such fields as Vietnam requires for mutual development and for each country's prosperity, for peace, stability, cooperation and development in the region.

Prime Minister Kiet expressed his pleasure at the coming of Ambassador Kazuo Ogura at a time when the relationship between the two countries is developing fruitfully not only for the benefits of their own but also of the interests of the region. He welcomed the coming visit by Prime Minister Tomiichi Murayama as an event of important significance to the Vietnamese-Japanese relations in the new period. He spoke highly of the will, the achievements and experiences of the Japanese people in their national construction and development. He said that Japan's technical and managerial experience and personnel training are a precious lesson to Vietnam.

Later in the day, Prime Minister Kiet received Mr. Isao Nakauchi, chairman and executive manager of Daiei Group, vice chairman of Keidanren Economic Federation, on a visit to Vietnam to inquire into possibilities for investments, especially in super markets in Vietnam.

The Japanese guest expressed his firm belief that Vietnam would be a developed country in the 21st century and therefore many more opportunities would be created for Japanese businessmen to further their cooperation with and investment in Vietnam.

For his part, Prime Minister Kiet affirmed that the Vietnamese Government would pay more attention to and create favourable conditions for Daiei Group in particular and Japanese businessmen in general to invest in Vietnam in conformity with the benefit and wish of the two countries.

Phan Van Khai Visits Southern Provinces

BK1708095794 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 17 Aug 94

[Text] From 11 to 14 August, Deputy Prime Minister Phan Van Khai paid a working visit to the provinces of Minh Hai, Kien Giang, An Giang, and the 9th Military Region. On behalf of the government, he praised the people and party committees in those provinces for their efforts to overcome difficulties and record important achievements in socioeconomic development.

In each province, the deputy prime minister visited many production establishments at district level and held working sessions with provincial leaders on different practical issues. He directed a conference on the general area planning of Minh Hai Province until the year 2000 and 2010 and visited the military command of Division 4. The deputy prime minister presented gifts to cadres and soldiers stationed in Bai Can Floating House in Ca Mau, where he emphasized the strategic position of the Mekong River Delta and the formidable duty of the 9th Military Region in the two strategic duties of building socialism and protecting the fatherland.

During his stopover in Can Tho, Deputy Prime Minister Phan Van Khai held working sessions with the party committee and people's committee of Can Tho Province and with the people's committee chairmen of Soc Trang and Tra Vinh Provinces.

Fatherland Front's 4th National Congress Opens

BK1708141494 Hanoi VNA in English 1252 GMT 17 Aug 94

[Text] Hanoi VNA August 17—The Fourth National Congress of the Vietnam Fatherland Front was opened at the Ba Dinh Conference Hall here this morning.

The opening ceremony was honoured by the presence of Do Muoi, general secretary of the Communist Party of Vietnam Central Committee; Le Duc Anh, president of the state; Vo Van Kiet, prime minister; and Nong Duc Manh, chairman of the National Assembly.

Members of the diplomatic corps were also on hand.

The congress gathers 459 delegates representing people from all walks of life in the country, and a number of

overseas Vietnamese delegates coming from Great Britain, the USA, Australia, France and Norway.

The largest socio-political organization in Vietnam, the Vietnam Fatherland Front rallies the people to carry out the cause of national construction and defence. Founded on November 18, 1930 as the Anti-Imperialist Alliance, the front adopted to its present name on Sept. 10, 1955. It held three national congresses in 1977, 1983 and 1988.

Following the welcome speech delivered by Mr. Le Quang Dao, member of the Presidium of the front Central Committee, the vice-president and general secretary of the front Central Committee, Mr. Pham Van Kiet, presented the political report of the front Central Committee on the front's work over the past years which had made active contributions to the common cause of national development.

The report also decides on the front's work for the period from now to 1998.

Addressing the congress, party leader Do Muoi spoke highly of the front's great contributions to the country's national construction and defence. He pointed to the need to renew the front's work to strengthen and consolidate national unity in the new stage of revolution. He said that the party, state and government should listen to the front's opinions, thus facilitating the front to well accomplish its functions.

The congress will discuss the political report and the draft amendments to the front's statute and a new programme of action. A new Central Committee will be elected for the new office term.

The congress will last until August 19, 1994.

Do Muoi Address Closes Seventh Plenum

BK1608124094 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 12 Aug 94

["Text" of speech by Communist Party of Vietnam General Secretary Do Muoi at 30 July closing of the Seventh Central Committee's Seventh Plenum; place not given—read by announcer]

[Text] Comrade advisers; comrade members of the Central Committee; and all comrades present: After one week of active and urgent work that exceeded the scheduled time, the Central Committee's Seventh Plenum has concluded successfully. The groups preparing proposals worked very hard. Committee echelons, scientific groups, specialists, intellectuals at home and abroad, veteran revolutionaries, and a large number of party cadres and members contributed many ideas, thus contributing to the success of the plenum.

Comrade members of the Central Committee, comrade advisers, and those comrades invited to attend this plenum conferred enthusiastically, both in their group debates and at the conference hall, and achieved substantial congruence of views on various important issues. At

the same time, they also raised many practical ideas to supplement and improve the quality of various documents to be presented at the plenum. They also came up with the correct decisions to provide leadership for the cause of national industrialization and modernization.

A number of comrade members of the Central Committee painstakingly prepared their dissertations and made many copious suggestions. Various sectors and echelons must carefully study these dissertations in the process of implementation of the Central Committee's plenum resolution.

Before closing the conference, I would like to speak further to the following points:

1. To carry out industrialization and modernization, we must strive to practice thrift if we are to make invest capital in development and do our business effectively.

Industrialization and modernization require us to have substantial capital. Therefore, we must launch and foster the movement to practice thrift for national construction. We must manage and use capital effectively and guard against wasteful spending in all party and state organs, mass organizations, enterprises, and among the people. We must encourage everyone to voluntarily save every cent of their capital, be frugal in productive labor, and thrifty in spending so as to increase capital accumulation and concentrate efforts on carrying out industrialization and modernization.

2. It is necessary to resolutely struggle against the current bad practices of corruption and smuggling which have reached a relatively grave proportions and which are gnawing off the assets of the state and the people, disturbing state law and order, causing the people to lose their confidence, running counter to the class character of the party, slowing the pace of industrialization and modernization, and creating opportunities for hostile forces to oppose and sabotage us.

The entire party, all its organizations and members, especially those holding leadership positions, must set good examples for the common cause and not seek personal gains. All violations must be dealt with sternly and promptly in accordance with the law, regardless of who the violators may be. Cadres and members who have committed mistakes must, with a sense of self-imposed discipline, report their mistakes to the party and the state and be determined to correct them themselves. I propose that whenever the people find a cadre or member who are making a mistake, they must give advice promptly to help the person avoid committing a mistake. If he deliberately commits the mistake, they must inform the relevant party and state authorities so that they may take legal action. Only by preventing and eliminating the bad practices of corruption, smuggling, wasteful spending, and bureaucracy can we insure that our party has sufficient ability and prestige to successfully lead the cause of industrialization and modernization.

3. Industrialization and modernization require the scrupulous implementation of the principle of democratic centralism and the firm maintenance of law and order. We must broaden democracy and encourage everyone to develop their creativity and find effective methods and solutions in order to generate a widespread revolutionary movement for millions of people. We must, however, ensure centralism, as a lack of centralism and loose enforcement of law and order will immediately lead to turmoil.

In order to carry out democratic centralism and maintain public order and discipline, it is necessary to pay attention to the principles of leadership by the collective; individual responsibility; the minority must yield to the majority; and lower echelons must obey high echelons. During the process of leadership and guidance, it is necessary to hold collective debates over major policies. The individual who directs the implementation of a policy decided by his collective must scrupulously comply with policies and the law. If he finds anything at variance with policies and the law now in force, he must report this to higher authorities and not decide by himself. It is necessary to guard against all acts of doing things at one's own free will, and against departmentalism, localism, and misinterpretation of the party lines and the state law.

Every member and leading cadre must live and work according to the law. Members must work according to the party statute and resolutions.

4. It is necessary to master and satisfactorily implement the party policies and lines and build an economy that opens inwardly and outwardly. At the same time, efforts must be made to enhance and improve our management effectiveness and guard against the possibility of straying off course in the process of industrialization and modernization in terms of both internal and foreign relations, as this may damage the interests of the nation, people, and socialism.

5. It is necessary to remain united and unified to generate militancy for the party. In the process of industrialization and modernization, this issue has become increasingly important and is of vital significance. At present, the situation of disunity in the leadership of a number of party organizations has been partly resolved. This situation, however, is still rather grave in a number of localities. We must continue to actively resolve this issue.

Unity and unanimity must be based on the party platform, statute, resolutions, and the state law. We must preserve unity and unanimity within the party as if we were preserving the apples of our own eyes, as already advised by Uncle Ho. Each comrade member of the Central Committee must be profoundly aware of the need to maintain and strengthen unity within the party and within the Central Committee, regarding this as a nucleus of unity in those echelons and sectors under their responsibility.

6. Industrialization and modernization requires us to have high intelligence and advanced and modern scientific and technological knowledge in all areas of managerial science, social science, natural science, and technology. Therefore, cadres and members, state workers and civil servants in general, and leadership cadres in particular, especially those comrade members of the Central Committee, must strive to learn to improve their comprehensive knowledge. Only with adequate knowledge will we be able to seize opportunities and successfully carry out those difficult and complex tasks under new circumstances. Leadership cadres who lack knowledge will become obstacles of development. We must learn, learn more, and learn forever at schools, in reality, and by self-teaching methods. This is our motto to lead the cause of national industrialization and modernization to success.

In this spirit, I hereby declare the Central Committee's seventh plenum closed.

I wish the comrade advisers, comrade members of the Central Committee, and all comrades present good health.

Directive Issued on Plenum Resolution

BK1608135994 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 15 Aug 94

[Text] The party Central Committee Secretariat has just issued a directive on implementation of the Seventh Plenum resolution of the Seventh Party Central Committee [SPCC]. The directive reads:

The SPCC Seventh Plenum issued a resolution on carrying out industrial and technological development until the year 2000 with the aim of achieving national industrialization and modernization and building the working class in the new stage. In one step, the SPCC Seventh Plenum resolution concretizes the resolutions of the SPCC Congress and the midterm national party conference. It evaluates the actual situation of our industry, technology, and working class. It sets out goals, guidance, and policies for the development of our industry and technology until the year 2000 in the direction of national industrialization and modernization. It also outlines directions and duties for building the working class in the new stage. The SPCC Seventh Plenum resolution must be implemented over many years. At present, party committees at all levels need to do a good job of organizing propaganda sessions to disseminate the contents of the resolution and establishing planning and programs for the execution of this resolution. They must also provide satisfactory guidance and check on the resolution's implementation.

Defense Minister Visits Cao Bang, Bac Thai

BK1608140694 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 14 Aug 94

[Text] Senior General Doan Khue, member of the party Central Committee Political Bureau and national

defense minister, paid a working visit from 8-12 August to Cao Bang and Bac Thai Provinces.

Senior General Doan Khue was briefed by Comrade Nong Hong Thai, the Cao Bang provincial party committee secretary, on socioeconomic development in the province. The minister was delighted to see the recent achievements made by the local party, people, and armed forces. He contributed many suggestions to the party committee and people's committee on the direction of socioeconomic and cultural development and the implementation of the party's policy on ethnicity.

At the historic site of Pac Bo in Ha Quang District, Senior General Doan Khue was emotionally moved at the memory of the late Uncle Ho returning here from overseas 53 years ago to lead the party and the Vietnamese revolution. Senior General Doan Khue visited and presented gifts to the Pac Bo Orphanage and the 2d Battalion of the Cao Bang Provincial Military Command.

In Bac Thai, Senior General Doan Khue listened to reports by Comrade Nguyen Ngo Hai, the provincial party committee secretary, and People's Committee Chairman Comrade Mai Phuc Toan on the general situation and current efforts in the locality to record greater socioeconomic development achievements. He then visited the Thai Nguyen Steel Company, First Military Region Command Headquarters, First Region Junior Cadet School, and some localities and units in Bac Thai Province.

Public Employees Trade Union Debuts in Hanoi

BK1608145594 Hanoi VNA in English 1432 GMT 16 Aug 94

[Text] Hanoi VNA August 16—The Vietnam Trade Union of Public Employees (VTUPE) made its first debut here on Monday.

Among those present at a ceremony held at the Labour Palace by the Vietnam General Confederation of Labour (VGCL) were Vu Oanh, Politburo member of the Communist Party of Vietnam (CPV) Central Committee; Pham The Duet, Politburo member of CPV Central Committee and secretary of the Hanoi party committee; Phan Ngoc Tuong, cabinet minister and head of the government's Personnel Committee; and Nguyen Van Tu, president of the VGCL.

The setting up of the Trade Union of Public Employees aims to gather all public employees who are working at state and party agencies and organizations from the central to grassroots levels.

The trade union shall represent and protect the legitimate interests of public employees, provide guidance to its members in localities to coordinate with authorized agencies to well implement democratization among public employees, and to help them improve their professional standards and raise their sense of responsibility in national construction.

A 16-member Provisional Executive Board of the VTUPE was appointed with Mr Nguyen An Luong as president.

Tuyen Quang Inaugurates District Powerline

BK1708025594 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 16 Aug 94

[Text] Celebrating the August Revolution and 2 September National Day, the party committee and people's committee of Chiem Hoa District together with Tuyen Quang provincial electricity service have officially commissioned the 35-kilovolt powerline of Ham Yen-Chiem Hoa. The line starts at kilometer 31 in Ham Yen to Vinh Loc town of Chiem Hoa District across Lo River, a length of 34 kms with a 1.4 km branch line to a transformer station. The Ham Yen-Chiem Hoa 35-kilovolt powerline is a major construction project with a subsidy of 4.2 billion dong from the state budget.

Role of National Unity in Renovation Viewed

BK1708080294 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 16 Aug 94

[NHAN DAN editorial: "Great National Unity is the Strength of the National Renovation Cause," dated 17 August]

[Text] In the five years since the third congress of the Vietnam Fatherland Front, our country has overcome many great difficulties and fierce challenges and scored very important initial results in the framework of the renovation undertaking. One of the factors of success rests with the fact that the renovation cause initiated and directed by our party has won the warm support and positive response of broad sections of our people and overseas Vietnamese residents. Those achievements have given rise to more confidence and inspiration among the people and further enhanced political and spiritual singlemindedness in society. They have also created favorable fundamental conditions for furthering the consolidation and strengthening of the great national unity bloc.

The living realities of renovation over the past years and the lessons of the valuable traditions of national independence struggle have further testified to the fact that the national independence banner and socialism have the power to rally the entire people and bring into full play the aggregate strength of the community to help the country tide over difficulties and score new achievements. That important lesson of the revolution that always draws public attention was summed up by President Ho Chi Minh's statement: Unity, unity, great unity! Success, success, great success!

Our country has stepped into a new period when great opportunities as well as fierce challenges abound. Our people have a great undertaking to carry out, namely firmly maintaining national independence, unification, sovereignty, and territorial integrity and working toward

the goals of helping the country extricate itself from poverty and backwardness, of making the people rich and the nation powerful, and of bringing about justice and civilization in society.

To materialize this overall objective, we must broaden the great national unity bloc to include all members of the great Vietnamese family of different ethnic groups, social classes, and religious beliefs as well as Vietnamese nationals both at home and abroad. That great national unity bloc has a common denomination, namely the common interests of the nation. At the same time, it accepts differences that do not run counter to the common interests of the nation. It encourages people to look to the future and help eliminate prejudices, complexes, and hatred. Furthermore, it promotes unity, openness, and mutual trust in the spirit of doing all that can be done to safeguard national independence and secure the people's freedom and happiness.

Our country has undergone many protracted and arduous wars to firmly safeguard national independence. Nowadays, Vietnamese all share the same aspirations, namely peace and prosperity for the country and healthy development and equal opportunities for society. These are orientations for national development and also the objectives of the Communist Party of Vietnam [CPV]. That very difficult and harsh task can be completed provided that it is based on national unity. Only great national unity built upon the foundation of the worker-peasant-intellectual alliance can help us create the aggregate strength for the entire Vietnamese nation to overcome all difficulties and challenges, move in the right direction, and integrate in the common trends of development of the times.

Promoting great national unity and consolidating the Vietnam United Front constitute the common responsibility of the overall political system. As a component of that system, the VFF [Vietnam Fatherland Front] has a very important role. The front is a political alliance and a voluntary organization of mass societies and typical individuals representing people of all walks of life, social classes, ethnic groups, and religious beliefs.

Given the current national situation, it is more necessary than ever before to consolidate and broaden the front both in terms of organization and activities so that we can make the task of promoting great national unity reach a new level of development and new depth and meet the national renovation requirements.

The strength of the renovation undertaking based on socialist orientations and initiated and directed by the party rests with the spirit of promoting great national unity to serve the goals of making the people rich and the country powerful and of bringing about justice and civilization in society.

Mass Mobilization Training Course on 'Key Issues'

BK1708082394 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 16 Aug 94

[Text] This morning, 16 August, at the Ho Chi Minh National Politics Institute, the Mass Mobilization Department of the party Central Committee started a national training course for mass mobilization cadres in 1994.

Comrade Vu Oanh, member of the party Political Bureau and chairman of the Central Council for Public Relations Work attended the session. More than 200 cadres in charge of mass mobilization work in 23 provinces and cities in the north and in the Armed Forces and cadres doing research work in some sectors attended the course.

The content, program, and research and study methods of this course mainly concentrate on key issues of mass mobilization work and some party guidelines and policies on the development of science, technology, culture, and education and on the activities of the fatherland fronts and mass organizations. The training course will also spend time studying the reform of the working procedures of the mass mobilization system from provinces to grass roots such as the report system on mass mobilization work in villages and subwards.

Comrades Truong My Hoa, Nguyen Khanh, Nguyen Van Tu, Nguyen Van Phu, Do Quoc Sam, and Le Quang Dao will speak on specialized subjects of the training course.

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